



REGISTRATION  
DOCUMENT  
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Crédit Mutuel ARKEA 



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ARKÉA**

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This is a free translation into English of the Registration document and it is provided solely for the convenience of English speaker users. Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

This Registration Document also constitutes the Annual Management Report of the Board of Directors of Crédit Mutuel Arkéa to be presented to the Shareholders' General Meeting held to approve the financial statements for the year ending December 31, 2012.

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on April 10, 2013 in accordance with Article 212-13 of its General Regulations. It may be used in support of a financial transaction if it is accompanied by a transaction memorandum certified by the AMF. This document was prepared by the issuer and is binding on its signatories.







# 1. Les évolutions

AVANT	APRES
• Aucune	• Possibilité de différer la prise d'effet de
• De 50 à 80 ans	• De 45 à 85 ans
• 8000 EUR maximum	• Générique / nominative Personne Physique / Nominative Personne Morale
• Nominative Personne Physique / Nominative Personne Morale	• S'inscrit dans le cadre de l'assurance-vie clause générale / nominative Personne Physique / clause générale
• Temporaire 5 ans, Temporaire 10 ans, Viagère	• Versement des capitaux express, ou avant frais à mettre davantage en avant
• Idem (pas de surcoût lié au recueil de vol	• Idem (pas de surcoût lié au recueil de vol
• 1 en cas de décès accidentel	
MONDIAL ASSISTANCE : 1/ aide aux démarches administratives, 2/ rapatriement du corps, 3/ retour des accompagnants, 4/ déplacement d'un proche sur le lieu de décès, 5/ mise à disposition d'un taxi	MONDIAL ASSISTANCE : 1/ aide aux démarches administratives, 2/ rapatriement du corps, 3/ retour des accompagnants, 4/ déplacement d'un proche sur le lieu de décès, 5/ mise à disposition d'un taxi + recueil de volonté

## 1 PRESENTATION OF CRÉDIT MUTUEL ARKÉA



# 1.1 GROUP PROFILE

CRÉDIT MUTUEL ARKÉA IS A COOPERATIVE BANKING AND INSURANCE COMPANY. IT COMPRISES THE CRÉDIT MUTUEL DE BRETAGNE, CRÉDIT MUTUEL DU SUD-OUEST AND CRÉDIT MUTUEL DU MASSIF CENTRAL FEDERATIONS AS WELL AS APPROXIMATELY 20 SPECIALIZED SUBSIDIARIES.

Crédit Mutuel Arkéa is structured as a universal bank open to all. As both a producer and distributor, it can offer its clients – including individuals and entities in the economic, social and institutional areas – a comprehensive line of banking, financial, asset management and insurance products, among others.

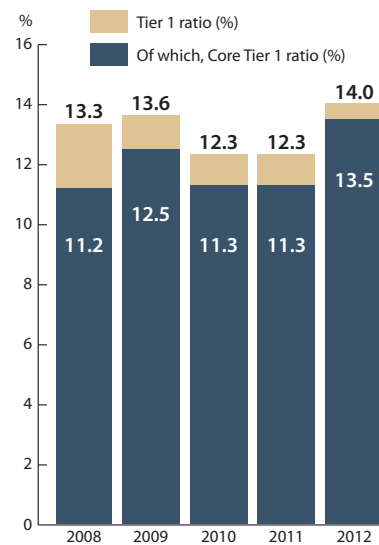
As a regional bank intent on keeping its decision-making centers at the regional level, the Group is growing **throughout France and the rest of Europe:**

- A network of 480 points of sale, including 337 local savings banks in Brittany, Southwestern France and the Massif Central region.
- 19 regional business centers for Arkéa Banque Entreprises et Institutionnels.
- 11 regional branches for Leasecom.
- 15 Financo branches spread throughout France.
- 32 BPE branches and eight wealth management offices in the largest French cities.
- A presence in Belgium through Fortuneo Banque and ProCapital Securities Services.
- Monext has offices in Paris and Aix-en-Provence and provides services in Spain, Portugal, Italy, Germany and the Benelux countries.

## RATINGS

As of 12/31/2012	Short-term ratings
Standard & Poor's	A-1
Moody's	P-1
	Long-term ratings
Standard & Poor's	A +
Moody's	Aa3
	Outlook
Standard & Poor's	Negative
Moody's	Negative

## SOLVENCY



## KEY FIGURES

€ millions

	2008	2009	2010	2011	2012
Net banking and insurance income	1,082	1,347	1,574	1,705	1,668
Gross operating income	191	376	485	514	406
Net income attributable to equity holders of the parent company	31	154	273	290	168
Total assets	69,059	72,362	78,747	83,979	90,900
Shareholders' equity attributable to equity holders of the parent	2,629	3,307	3,604	4,016	4,720

# 1.2 CRÉDIT MUTUEL ARKÉA'S HISTORY

CRÉDIT MUTUEL ARKÉA'S HISTORY GOES BACK MORE THAN 100 YEARS IN BRITTANY AND CONTINUES TODAY ACROSS ALL OF FRANCE AS WELL AS IN EUROPE.

The first Crédit Mutuel Agricole rural savings banks were inspired by the local German cooperatives created by Frédéric-Guillaume Raiffeisen and established in Brittany, Southwestern France and the Rhône-Alpes region beginning in 1884. In western France, after several years of uneven growth and development that often varied from one city to the next, the local savings banks in Brittany formed a union in the 1970s and in 1979 created a federation – Crédit Mutuel de Bretagne – covering the entire region.

In the 1980s, the range of banking and insurance needs became more diverse for individuals, sole proprietorships and companies. Crédit Mutuel de Bretagne sought to provide a competitive solution by becoming both a producer and distributor of its products. Between 1985 and 2000, it therefore created its first specialized subsidiaries: Suravenir (life insurance and protection), Suravenir Assurances and Novélia (non-life insurance), Federal Finance (asset management), Arkéa Banque Entreprises et Institutionnels (commercial banking) and Financo (consumer credit).

**In 2002, a solid and diversified Group was formed around the three federations:** Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest (CMSO), and Crédit Mutuel Massif

Central (CMMC) and some 20 subsidiaries. This constituted the creation of Crédit Mutuel Arkéa.

**In 2008, Crédit Mutuel Arkéa adopted the Horizons 2015 strategic business plan.** The Group intends to confirm its prominent role as

« In 2008, Crédit Mutuel Arkéa adopted the Horizons 2015 strategic business plan »

a provider of locally based banking and insurance products and services while developing its online activities. It also wants to strengthen its position in the companies and institutions market

through a dedicated division with the requisite talent. Finally, it is looking to provide its expertise to new partners.

**Following the adoption of this plan, the Group has implemented the following measures:**

- the launch of the online bank Fortuneo Banque in 2009,
- the creation of new subsidiaries such as Arkéa Banking Services (private label banking services), Arkéa Capital Partenaire (private equity), Arkéa Assistance (remote assistance),
- the acquisition of Leasecom (lease financing), Monext (electronic payments), CFCAL Banque (credit restructuring), Schelcher Prince Gestion (asset management), whose competencies round out the Group's other products and services.

# 1.3 CRÉDIT MUTUEL ARKÉA BUSINESS LINES

**CRÉDIT MUTUEL ARKÉA MADE A STRATEGIC CHOICE TO BOTH PRODUCE AND DISTRIBUTE ITS PRODUCTS AND SERVICES.**

It has grown to its current size and continues to grow on the basis of a simple and powerful model of a regional bank, with regional economic development as one of its priorities. In an environment marked by profound changes, Crédit Mutuel Arkéa pays close attention to changing consumption patterns and the emergence of new activities.

Supported by the expertise of its specialized subsidiaries, Crédit Mutuel Arkéa offers a comprehensive and competitive line of products and services and distinguishes itself as an essential partner for all its clients.

## RETAIL BANKING FOR INDIVIDUALS

As the historical business line, retail banking for individuals revolves primarily around the **Crédit Mutuel de Bretagne (CMB)**, **Crédit Mutuel du Sud-Ouest (CMSO)** and **Crédit Mutuel du Massif Central (CMMC)** federations. These three federations, which have more than 4,600 employees, embody Crédit Mutuel Arkéa's local and regional roots.

With their dense point of sale network – more than 480 points of sale in all – these federations continue to be the direct and natural link with the 2.3 million customer shareholders and clients. All clients – whatever their age, profile or goals – are sure to find high-quality services, first-rate expertise and state-of-the-art technologies. And thanks to remote banking, they can be anywhere and still enjoy permanent access to their accounts.

As a pioneer in multi-channel banking, Crédit Mutuel Arkéa continues to explore the possibilities offered by new communications technologies and is putting the Internet and mobile banking at the heart of its market penetration strategy alongside its traditional banking channels. The

« Crédit Mutuel Arkéa distinguishes itself as an essential partner for all its clients »

creation of the Bemix e-banking service aimed at young people through a partnership with Fun Radio is one recent example. The success of **Fortuneo Banque**

is another. This bank has grown quickly to become one of the leaders in its market, both in France and Belgium, and already has some 210,000 clients. **Banque Privée Européenne** provides a complete line of banking services to high-net-worth clients. This subsidiary will be sold in the near future, a sale agreement having been finalized in December 2012. Crédit Mutuel Arkéa will nevertheless retain the wealth management activities for clients located in the regions of its three Crédit Mutuel federations (Brittany, Southwestern France and the Massif Central region).

Finally, the Group uses the expertise of **Financo** for consumer credit and **CFCAL (Crédit Foncier et Communal d'Alsace et de Lorraine)** in the areas of credit restructuring and mortgage-backed debt consolidation.

## RETAIL BANKING FOR THE COMPANIES AND INSTITUTIONS MARKET

Already a leader in retail banking for individuals, Crédit Mutuel Arkéa also intends to provide long-term support to the market participants that drive local and regional economic development: companies, institutions, healthcare organizations, public housing, social welfare agencies, etc.

To that end, it has built up a division combining all of the expertise dedicated to this clientele, with the commercial bank **Arkéa Banque Entreprises et Institutionnels** serving as the anchor. For companies and local authorities, the Group offers a broad range of services: financing, cash management, leasing, financial engineering and leasing, insurance, payments processing, wealth management for business owners. The division already has more than 5,500 clients.

Two initiatives among the many reflect the strength and conviction of Crédit Mutuel Arkéa's commitment to this market, notwithstanding an economic environment full of uncertainty.

The first was the creation in 2011 of **Arkéa Capital Partenaire**, a private equity firm that provides long-term equity capital to large unlisted companies. With €400 million in investment capacity, it works with business owners in support of their development projects or to help them plan their succession. Arkéa Capital Partenaire has already carried out two major transactions, one with the food producer Le Graët and the other with Paprec, a leading French waste management and recycling company.

In another area, i.e. support for public institutions, which are currently hard-pressed to find sources of financing, Arkéa Banque Entreprises et Institutionnels, together with Suravenir, launched the "Collectivités" securitization fund (*fonds commun de titrisation - FCT*). Through this fund, regional and general councils and municipalities with more than 10,000 residents can obtain financing on favorable terms. With this innovative system, Crédit Mutuel Arkéa has reaffirmed its commitment to the real economy and support for local and regional economic growth.



## RETAIL BANKING FOR INDIVIDUALS

- 3 CRÉDIT MUTUEL NETWORKS: CMB, CMSO et CMMC.
- 1 ONLINE BANK: Fortuneo Banque.
- 1 PRIVATE BANK: BPE.
- 2 SPECIALIZED SUBSIDIARIES: Financo (consumer credit) and CFCAL (credit restructuring).
- The backing of specialized entities for the agricultural and wine-producing sectors: Caisse de Bretagne de Crédit Mutuel Agricole (Brittany), Agribanque (Southwestern France) and Crédit Mutuel Agricole et Rural (Massif Central region).

## RETAIL BANKING FOR THE COMPANIES AND INSTITUTIONS MARKET

- 1 COMMERCIAL BANK: Arkéa Banque Entreprises et Institutionnels.
- 3 PRIVATE EQUITY SUBSIDIARIES: Arkéa Capital Investissement, Arkéa Capital Gestion and Arkéa Capital Partenaire.
- 2 SPECIALIZED SUBSIDIARIES: Arkéa Crédit Bail (equipment and real estate leasing), Leasecom (lease financing).







## BANKING AND INSURANCE SERVICES PRODUCTION SUBSIDIARIES

The creation and development of production subsidiaries are the result of a strategic choice made in the 1980s. In their respective areas, Suravenir, Suravenir Assurances, Federal Finance, Nov lia and Europim enable Cr dit Mutuel Ark a's distribution networks to offer comprehensive, high-quality services. These services are also distributed through non-Group networks.

**Suravenir** develops and manages life insurance and protection insurance policies as well as company retirement savings plans. It has more than 1.3 million contracts under management.

Meanwhile, **Suravenir-Assurances** covers all the non-life insurance needs of individuals (home, healthcare, auto, motorcycle, accidental death and disability). The company has more than 1 million contracts in its portfolio.

As a wholesale insurance broker, **Nov lia** provides business risk coverage and designs mass market and customized insurance products for major business accounts. Its products are distributed by more than 1,300 insurance brokers and general agents throughout France.

**Federal Finance** is Cr dit Mutuel Ark a's asset management company. This subsidiary offers investment funds, discretionary management, company savings plans and tax planning solutions for individuals, companies and institutions. It is backed by two management companies: **Federal Finance Gestion** and **Schelcher Prince Gestion**, the latter specializing in convertible and high-yield bonds. In all, these companies have more than  36 billion in assets under management.

Working on behalf of the Cr dit Mutuel Ark a networks, **Europim** selects new and renovated real estate products and programs throughout France that are eligible for the main preferential tax treatment programs. Europim will soon be renamed Ark a Immobilier Conseil.

## SUBSIDIARIES SPECIALIZING IN THE BUSINESS-TO-BUSINESS (BTOB) MARKET

Cr dit Mutuel Ark a also looks to forge commercial, technical and even joint partnerships with other financial institutions, distribution companies, telephony operators. This business-to-business activity has grown rapidly within the Group, which does not hesitate to step up as a "partner on behalf of the development of its competitors."

**Ark a Banking Services**, which specializes in private label banking products, is one of the entities working in this area. The launch of Zesto, a non-regulated savings account developed on behalf of RCI Banque, and the successful partnerships with Allianz Banque and La Banque Postale are good examples.

The electronic money platform created with Banque Accord is another. **ProCapital Securities Services** and **Monext** (electronic payment transactions) are among the other service providers in this segment.

This policy of openness provides benefits for the Group as a whole. Thus in 2012 Suravenir signed three new partnership agreements with, respectively, Primonial, the web site assurancevie.com and Hedios Patrimoine.

These partnerships enable the Group to expand its audience, demonstrate its know-how and lay the foundation for its development on a national and European scale.

## NON-BANKING SUBSIDIARIES

Cr dit Mutuel Ark a also provides services in non-banking areas. It created a subsidiary, **Ark a Assistance**, which specializes in providing remote assistance to individuals. The

service has been marketed nationwide since March 2012. In another field, **Armorique Habitat**, a public housing company, manages an inventory of 5,000 units that it owns in 160 municipalities in Brittany.



## SUBSIDIARIES SPECIALIZING IN THE BUSINESS-TO-BUSINESS (BTOB) MARKET

- 1 private label banking services subsidiary: ARK A BANKING SERVICES.
- 1 securities services provider: PROCAPITAL SECURITIES SERVICES.
- 1 electronic payments specialist: MONEXT.
- 1 electronic money Economic Interest Group (French acronym: GIE) with Banque Accord: ARMONEY.



## NON-BANKING SUBSIDIARIES

- 1 subsidiary specialized in remote assistance: ARK A ASSISTANCE.
- 1 public housing company: ARMORIQUE HABITAT.

## BANKING AND INSURANCE SERVICES PRODUCTION SUBSIDIARIES

### 5 PRODUCTION SUBSIDIARIES:

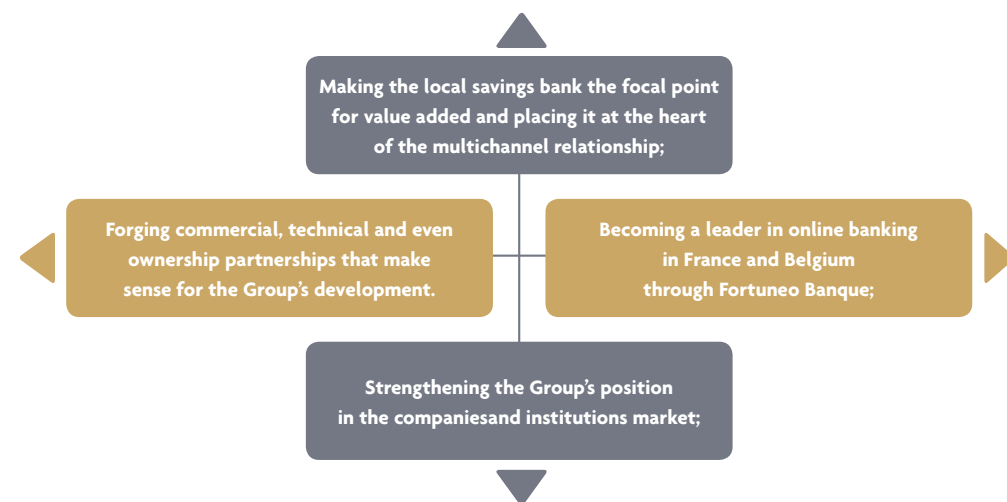
- SURAVENIR (life insurance and protection insurance)
- SURAVENIR ASSURANCES (non-life insurance)
- NOV LIA (development and brokerage of insurance solutions)
- FEDERAL FINANCE (asset management)
- EUROPIM (real estate investment advisory).



# 1.4 CRÉDIT MUTUEL ARKÉA'S STRATEGY

IN 2008, CRÉDIT MUTUEL ARKÉA ADOPTED A STRATEGIC BUSINESS PLAN NAMED HORIZONS 2015. NOW AT THE MID-POINT, THIS PLAN, WHICH IS BEING MANAGED AND SUPPORTED IN THE FIELD BY THE GROUP'S 3,700 DIRECTORS AND 9,000 EMPLOYEES, HAS ENABLED THE GROUP TO ACCELERATE ITS DEVELOPMENT WHILE CONSOLIDATING ITS ECONOMIC AND FINANCIAL POSITION.

## FOUR PRIORITY DEVELOPMENT AREAS



## CRÉDIT MUTUEL ARKÉA'S PROFILE IN 2015

1. A Group within Crédit Mutuel that embodies an original development path based on open partnerships;
2. A Group with deep roots in its home regions that takes advantage of its relationships with customer shareholders;
3. An integrated Group that ensures the autonomy of its respective teams;
4. A Group that knows how to promote the talents of its employees and directors and attract new ones;
5. A Group with extensive products and services as well as skills on behalf of individuals;
6. A Group recognized as an essential partner for companies and as a leading local development player;
7. A Group that invests in new areas, markets and business lines.



# 1.5 A LOOK BACK AT 2012

## HIGHLIGHTS OF THE YEAR

### January

- A testament to its sound financial position and the trust placed in it by investors, **the Group was the first French bank to issue unsecured debt** (€750 million in senior bonds) in an environment that was still marked by investor caution following the strong market volatility in the second half of 2011.

### February

- RCI Banque, the captive bank of automotive manufacturer Renault, launched an unregulated savings account (Zesto) using the technological expertise of Crédit Mutuel Arkéa, which developed the dedicated web site and provides the administrative management and after-sales service for the savings account.
- With "Budget," **Fortuneo Banque has become the first bank to offer its clients a free, automated multi-account, multi-bank personal finance management application.** Through a single interface, clients can view all of their bank accounts, including those held with other institutions, program in alerts and graphically view the allocation and changes in their finances. The service is available via Internet, smart phones and tablets.

### March

- At a time when dependency has become a major societal concern, **the Group launched a new subsidiary, Arkéa Assistance, which is dedicated to providing remote assistance.** This service, which targets people living in isolation, the elderly and the disabled, operates in the home of the user as well as outside the home thanks to a mobile telephone app. It demonstrates the Group's commitment to serving the daily needs of its clients.

- Suravenir and Primonial are offering **SérénitéPierre, a contract that combines the advantages of real estate with those of life insurance.** The multi-channel contract offers in particular a euro-denominated fund investment primarily in real estate (OPCI and SCPI funds). It provides an alternative solution to traditional contracts in an environment of low bond yields.

- Arkéa Banque Entreprises et Institutionnels now offers insurance solutions **in order to help clients protect and sustain their business activity over the long term** (equipment breakage, construction, directors' and officers' liability insurance). This product offer was developed through a partnership between Novélia and Allianz IARD.

- Crédit Mutuel Arkéa and the European Investment Bank signed a financing agreement. The €120 million financing, which is made available to the Group's distribution networks, **is designed to support small and medium-sized businesses** with their investment and development projects and reflects the Group's desire to support the real economy.

### April

- Crédit Mutuel Arkéa invested in the "France Transmission 1" buyout fund created by the management company TCR Capital. This fund, which focuses on small cap companies, strengthens the private equity activities of the Group, **which now offers a complete line of private equity solutions.**



## May

- **The Group and OSEO** (French government agency dedicated to supporting innovation) **stepped up their joint efforts** to finance investments by companies in the growth stage. In particular, the agreement covers joint financing transactions involving equipment and real estate investments through leasing and medium- and long-term loans.
- **Crédit Mutuel Arkéa strengthened its presence in the Brest metropolitan region** with the construction of a new headquarters building for Financo, its consumer credit subsidiary. The building's planned delivery date is in May 2013.

## June

- **Arkéa Capital Investissement participated in the financing of the acquisition of cookie-maker Traou Mad** by Galapagos. The transaction is yet another example of the Group's contribution to the economic vitality of its home regions.

## July - August

- **Crédit Mutuel Arkéa now wholly owns Crédit Foncier Communal d'Alsace et de Lorraine (CFCAL)**, which specializes in credit restructuring and is based in Strasbourg. CFCAL first joined the Group in 2010.
- Under the initial agreement signed in 2010, **Federal Finance increased its ownership interest in Schelcher Prince Gestion** and now holds an 85% stake. Schelcher Prince Gestion, which specializes in bonds, provides Federal Finance with complementary expertise designed to offer institutional clients a broader range of products, notably convertible and high-yield bonds.
- **Crédit Mutuel de Bretagne is now the exclusive banking partner of the Vieilles Charrues festival in Carhaix**, the largest French music festival. The three-year sponsorship agreement includes a technological component that involves the Group's electronic money know-how (prepaid cards) in order to

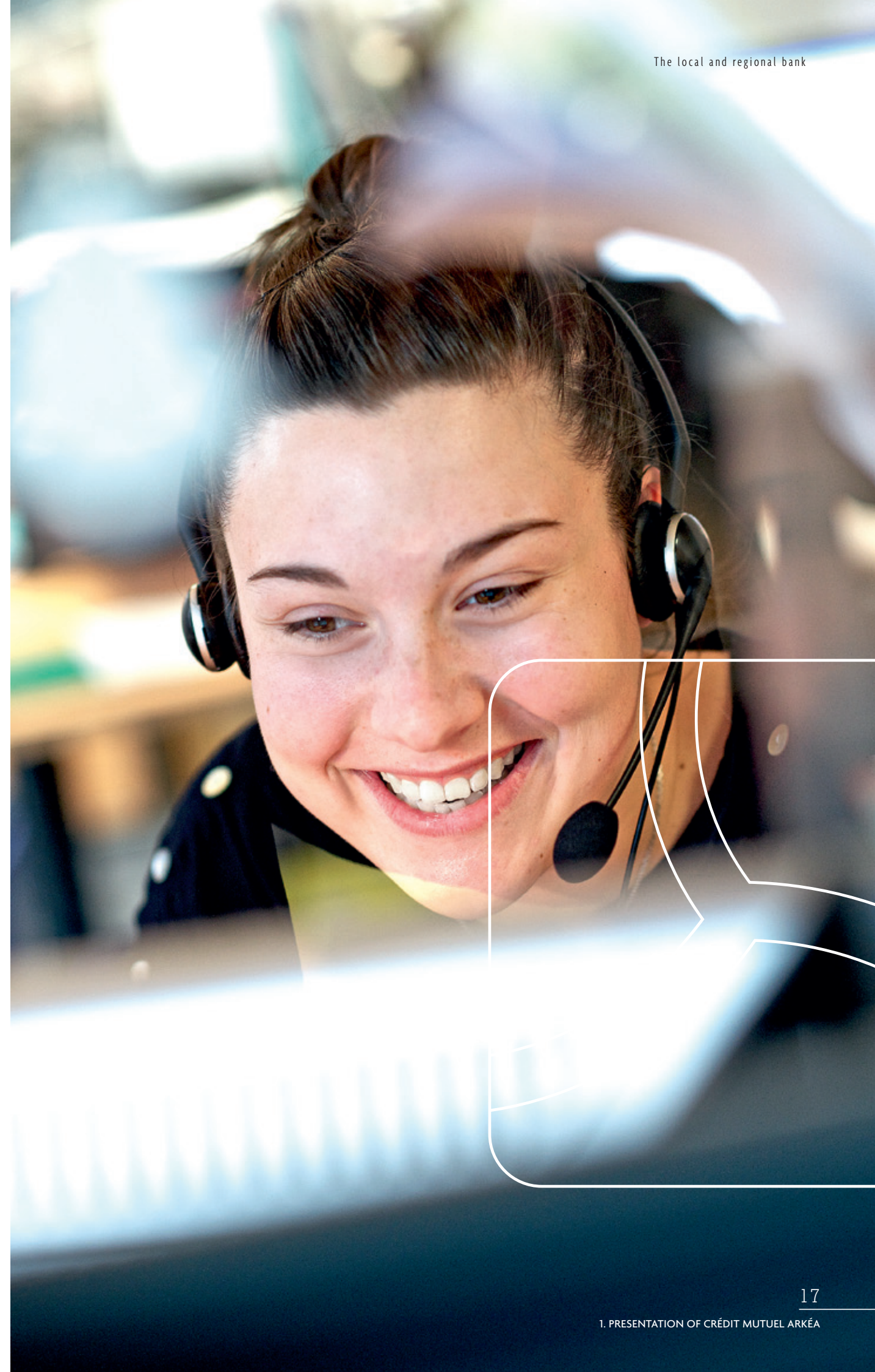
facilitate transactions by festival-goers. The partnership strengthens Crédit Mutuel Arkéa's positioning as a local and regional bank.

## September

- **For the second consecutive year, Federal Finance received the award for long-term management** handed out by the magazine Mieux Vivre Votre Argent. This award, a benchmark in the industry, recognizes funds offered by leading banks for their performance over five years.
- **Novélia rounded out its products and services to insurance brokers and agents** with two new products: e.Nov Coup Dur, which in addition to covering non-work-related accidental death and disability also protects against employment termination and extended work absence, and e.Nov Obsèques, which relieves families of financial and administrative burdens following the death of a loved one.

## October

- **Federal Finance launched a new fund, Pluriel Ouest 4**, for individuals looking to invest in companies in Brittany or the Pays de la Loire, Centre and Ile-de-France regions. 60% of the fund is invested in private equity and buyout transactions; 40% is invested in diversification assets. The fund's purpose is to support regional companies that need equity capital in order to accelerate their growth.
- **Suravenir announced the signature of an agreement with the Dordogne General Council** aimed at providing €15 million in financing for key projects in this French department. The funds collected through the local savings banks of the Crédit Mutuel du Sud-Ouest federation will be an economic driver that makes a direct contribution to the improvement in the lifestyle of local savers, who will benefit from committed programs and developed infrastructure. A similar program will be conducted in November 2012 in the Gironde department.





- **In a first in the French banking world**, Allianz Banque is migrating to the IT system of Crédit Mutuel Arkéa. This migration follows a partnership agreement signed in June 2011. Arkéa Banking Services now provides all of the middle and back office services: customer and product management, support functions, the subscription process. In all, an additional 320,000 clients will receive services provided by Crédit Mutuel Arkéa.

#### November

- **Arkéa Capital Partenaire finalized a €50 million investment in the holding company of the Paprec Group**, a leading French recycler serving companies and local authorities. This transaction is the subsidiary's second large-scale transaction following its investment in the food producer Le Graët in 2011.
- **Arkéa Banque Entreprises et Institutionnels and Suravenir are teaming up on behalf of local authorities with the "Collectivités"** securitization fund. This fund satisfies both the needs of local and regional authorities, which need funding to finance their investments, and those of institutional investors seeking long-term investments. Crédit Social des Fonctionnaires (CSF) was the first company to join this fund.
- **Suravenir is acquiring the Calon-Séguir vineyard located in Saint-Estèphe (Gironde)**. This investment helps the life insurance subsidiary diversify its assets in a low bond yield environment. The transaction also attests to the bank's positioning as a locally oriented entity within the Group.

- **Fingertip payments are the way of the future!** Crédit Mutuel Arkéa is participating in a biometric payment test in the cities of Villeneuve d'Ascq and Angoulême. Two techniques are being tested: fingerprint recognition and vein recognition systems..

- A first among bankinsurers: **the healthcare policies of Suravenir Assurances have received the "Collectivités Territoriales"** (Local Authorities) label from the French Prudential Control Authority (Autorité de Contrôle Prudentiel - ACP). This label enables the agents of local and regional authorities who subscribe to or have supplementary health insurance through Suravenir Assurances to receive a matching contribution from their employer.

#### December

- Ark'ensol Créavenir, one of the Group's solidarity initiatives on behalf of job creation, financed 345 cases in 2012 for an overall total of more than €1.4 million. **The association enabled the creation of 590 jobs** (+8% relative to 2011). Meanwhile, Ark'ensol Entraide granted more than 300 personal micro-loans to distressed families for a total of €700,000.
- Already a patron of University of Rennes 1 Foundation, **the Group is now supporting the University of Bordeaux** by joining the new steering group for its Foundation. The Group's objective is to launch innovative measures and initiate new practices on behalf of regional economic development and promoting knowledge.

## PRINCIPAL AWARDS

### General services

- **Crédit Mutuel was named Best French Bank in 2012** by *Global Finance* Magazine, the international reference in financial news. It was recognized "for having satisfied the needs of its clients in an uncertain economic environment while consolidating its economic fundamentals."

### Asset management

- **For the second consecutive year, Federal Finance won the award for long-term management** from *Mieux Vivre Votre Argent*. The "Federal Trimestriel" bond fund was very highly ranked.
- **Le Revenu awarded a gold medal to Federal Finance in the retail banking** category in recognition of the three-year performance of its "international equities" fund line. The "Federal Sélection Dynamique" fund won the magazine's "coup de cœur" prize.

- **Schelcher Prince Gestion received a gold medal** from *Investir Magazine* for its bond management.

### Current accounts, securities accounts and savings accounts

- **Label of Excellence Les Dossiers de l'Épargne** for the CMB and CMSO Eurocompte and the CMMC's current account for sole proprietorships.
- **Label of Excellence Les Dossiers de l'Épargne** for the current account, securities account and savings account offered by Fortuneo Banque.

### Life insurance

- Suravenir received an award (Couronne) in the life insurance category from Instit Invest, the web site dedicated to institutional investors, for the transparency of its financial management.
- **Symphonis-Vie, the Suravenir policy distributed by Fortuneo Banque**, won a gold medal from *Le Revenu* magazine in the category of "Best euro-denominated life insurance policies." It also took home the "Overall Grand Prize" and "Third Place Life Insurance Prize for 'euro-denominated funds'" from *Mieux Vivre Votre Argent*. Lastly, the policy won the bronze medal in the Investir "Euro-denominated funds" category.

- Suravenir and Primonial were recognized for their **SéréniPierre policy, which won the Innovation Award from Le Revenu**.

### Non-life insurance

- **Labels of Excellence from Les Dossiers de l'Épargne** for the Suravenir Assurances e.Nov Moto motorcycle insurance policy and Novélia's e. Nov Santé supplemental health care policy.

### Customer Relations

- For the third time in three years, Fortuneo Banque won the "customer service" award from Viséo Conseil. The award recognizes and rewards the service quality provided by the roughly 90 advisors.

### Stock market

- Label of Excellence from *Les Dossiers de l'Épargne* for Fortuneo Banque.





## 1.6 SOLIDARITY RELATIONS

### SOLIDARITY RELATIONS WITHIN CRÉDIT MUTUEL ARKÉA

Crédit Mutuel Arkéa's solidarity mechanism is interfederal, in accordance with Article R.511-3 of the French Monetary and Financial Code. This article stipulates that the French Prudential Control Authority (Autorité de Contrôle Prudentiel - ACP) may, with respect to mutual and cooperative companies, issue a collective license to a savings bank for it and all affiliated savings banks when the liquidity and solvency of the local savings banks are guaranteed through this affiliation. Crédit Mutuel Arkéa has received a collective license for itself and all member local savings banks since the French Prudential Control Authority (ACP) felt that the liquidity and solvency of the local savings banks were guaranteed through this affiliation.

The solidarity mechanism is set up through the financial by-laws contained in each of the general operating by-laws of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, and Crédit Mutuel Massif Central federations. It only binds the member local savings banks, the federation and Crédit Mutuel Arkéa. Moreover, it does not create third-party obligations for the local savings banks.

In other words, the members of Crédit Mutuel Arkéa are not liable to third parties. Creditors of a local savings bank can only assert their claims to that specific local savings bank, and not indiscriminately to another savings bank or Crédit Mutuel Arkéa.

As part of this solidarity mechanism, a federal solidarity fund is set up for each federation, which ensures compensatory earnings transfers among the member local savings banks

pursuant to general resolution No. 2-1982 of the Confédération Nationale du Crédit Mutuel.

This federal fund receives allocations and subsidies from the local savings bank and is made up of the federal solidarity fund and the federal reserve fund.

**1 • The federal solidarity fund performs compensatory earnings transfers among member local savings banks** through contributions and subsidies. All local savings banks that have recorded net losses for three consecutive years are subjected to a special audit. A turnaround plan is drawn up by the corresponding federation and Crédit Mutuel Arkéa. If the loss has not been eliminated at the end of the turnaround period set in the plan, the corresponding federation in conjunction with Crédit Mutuel Arkéa will decide on the local savings bank's future.

**2 • The federal reserve fund may provide financial support to local savings banks** whose net financial position is negative or which show a loss, as well as those that have experienced an extraordinary loss.

Each year, the federation determines the level of contributions to this fund. The federal reserve fund is administered by the federation. The requests it receives for financial support are reviewed by a committee consisting of directors.

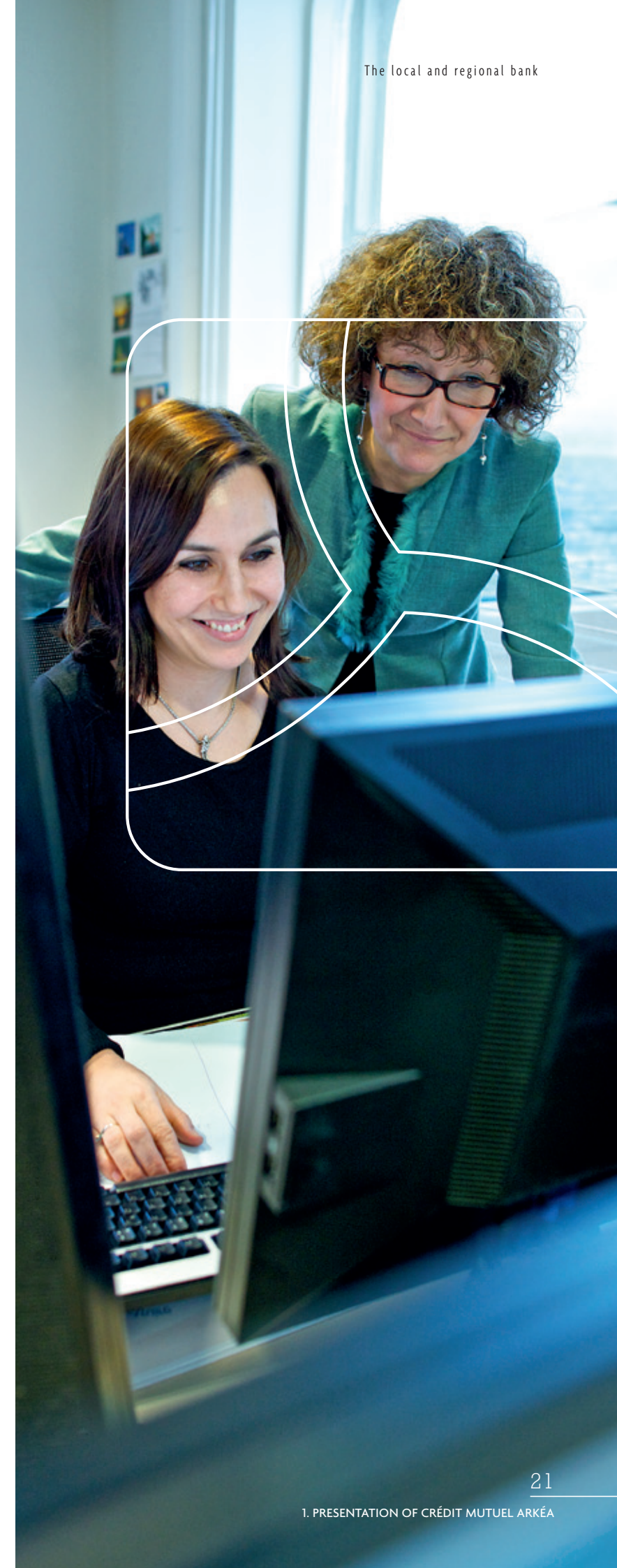
In addition to this federal fund, Crédit Mutuel Arkéa may also provide advances, subsidies and loans to local savings banks experiencing financial difficulties.

### SOLIDARITY AT THE NATIONAL LEVEL

Crédit Mutuel is subject to the French Monetary and Financial Code, and in particular to Articles L.511-30 to L.511-32 on central bodies and L.512-55 to L.512-59 on Crédit Mutuel. The membership of the regional groups (second level of the organization) in the Confédération and Caisse Centrale du Crédit Mutuel (third level) ensures national solidarity.

As the central body, the Confédération Nationale du Crédit Mutuel ensures the solidarity and proper operation of Credit Mutuel and guarantees the liquidity and solvency of each member institution and of the entire network. In addition, it represents member credit institutions on matters involving the Banque de France and the Prudential Control Authority (ACP). It also ensures compliance with laws and regulations that govern its institutions. Finally, it performs administrative, technical and financial control over the organization and the management of member institutions.

Caisse Centrale du Crédit Mutuel, a national financial body, helps to ensure the liquidity of the regional groups and coordinates the financial solidarity of Crédit Mutuel. Its capital is owned by all of the federal savings banks.







## 2 CORPORATE GOVERNANCE



## 2.1 BOARD OF DIRECTORS OF CRÉDIT MUTUEL ARKÉA

**THE DIRECTORS OF CRÉDIT MUTUEL ARKÉA ARE ELECTED BY THE SHAREHOLDERS' MEETING BY AND FROM AMONG THE 3,700 DIRECTORS OF THE LOCAL SAVINGS BANKS OF CRÉDIT MUTUEL ARKÉA'S MEMBER FEDERATIONS. THESE DIRECTORS ARE IN TURN ELECTED BY THE SHAREHOLDER CUSTOMERS OF THEIR LOCAL SAVINGS BANK AT THE SHAREHOLDERS' MEETING OF THE LOCAL SAVINGS BANKS ACCORDING TO THE COOPERATIVE PRINCIPLE OF ONE-PERSON, ONE-VOTE. THERE IS NO PROCEDURE TO GRANT MULTIPLE VOTING RIGHTS.**

This electoral system, with an electoral body consisting of all of our customer shareholders, ensures that clients are truly represented on all Crédit Mutuel Arkéa governance bodies and that the boards of directors are administered independently from the company's management.

However, the Board of Directors does not include any independent directors as defined by the AFEF-MEDEF code, which is otherwise used by the company as a reference. Pursuant to the cooperative by-laws, Crédit Mutuel Arkéa directors are all, in effect, directors of their local savings bank. Many of them are also members of the governance bodies of one or more Crédit Mutuel Arkéa subsidiaries.

The 2012 Shareholders' General Meeting held to elect Crédit Mutuel Arkéa's directors and approve its financial statements had an 86% attendance rate.

The business address of the corporate officers and directors of Crédit Mutuel Arkéa is 1 Rue Louis Lichou, Le Relecq-Kerhuon 29480, France.

**As of December 31, 2012, the Board of Directors comprised the following members:**

### **JEAN-PIERRE DENIS,**

**Chairman, 52** (initial appointment: September 12, 2008 – term expires: 2015)

- Chairman of the board of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse de Crédit Mutuel de Cap Sizun
- Chairman of the Board of Directors of Arkéa Capital Partenaire
- Director of Altrad S.A.
- Director of PPR
- Director of Soprol
- Director of Paprec
- Director of Glon Sanders Holding
- Director and Treasurer of the French Soccer League

### **JEAN-FRANÇOIS DEVAUX,**

**Vice Chairman, 65** (initial appointment: June 11, 2004 – term expires: 2014)

- Chairman of Fédération du Crédit Mutuel Massif Central
- Director of Caisse Régionale du Crédit Mutuel Massif Central
- Director of Caisse de Crédit Mutuel de Clermont-Galaxie
- Chairman of the Board of Directors of Banque Privée Européenne (BPE)
- Member of the Supervisory Board of Infolis
- Crédit Mutuel Arkéa representative to the Board of Directors of Suravenir Assurances
- Crédit Mutuel Arkéa representative to the Board of Directors of Société Clermontoise de Télévision (until June 21, 2012)
- Director of Association de Prévoyance Collective et d'Assurance Santé

### **CHRISTIAN TOUZALIN,**

**Vice-Président, 62** (initial appointment: July 5, 1996 – term expires: 2015)

- Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Director of Caisse de Crédit Mutuel d'Angoulême Ma Campagne
- Chairman of Suravenir Assurances
- Chairman of the Supervisory Board of Infolis
- Chairman of the Supervisory Board of Monext
- Chairman of the Supervisory Board of SMAM IARD
- Director of Arkéa Capital Partenaire
- Director of SLEC (Société Locale d'Exploitation du Câble du Grand Angoulême)
- Director of AGIR (Association pour la Gestion Indépendante des Réseaux)
- Chief Executive Officer of STGA (Société de Transport du Grand Angoulême)

### **JEAN-PIERRE CORLAY,**

**Director, 70** (initial appointment: December 19, 2008 – term expires: 2013)

- Vice Chairman of Caisse de Crédit Mutuel de Quimper Centre
- Director of Centre International du Crédit Mutuel
- Chairman of the Supervisory Board of Suravenir
- Director of Arkéa SCD
- Crédit Mutuel Arkéa representative to the Supervisory Board of Fortuneo Banque
- Suravenir representative to the Board of Directors of Novélia



**CHRISTIAN DAVID,**

Director, 63 (initial appointment: October 16, 2009 – term expires: 2013)

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Guidel
- Director of Suravenir Assurances
- Director of Arkéa Capital Investissement (since May 2, 2012)

**LIONEL DUNET,**

Director, 59 (initial appointment: June 25, 2010 – term expires: 2015)

- Director of Caisse de Crédit Mutuel de Saint-Brieuc Centre Ville
- Vice Chairman of Arkéa Banking Services

**JEAN-LOUIS DUSSOCHAUD,**

Director, 67 (initial appointment: May 22, 1996 – term expires: 2014)

- Vice Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse de Crédit Mutuel de Pessac Centre
- Director of Confédération Nationale du Crédit Mutuel
- Chairman of Novélia
- Chairman of Arkéa SCD
- Chairman of the Supervisory Board of Leasecom Group
- Member of the Supervisory Board of Arkéa Crédit Bail
- Director of Ark'ensol Entraide

**JACQUES ENJALBERT,**

Director, 66 (initial appointment: September 12, 2008 – term expires: 2014)

- Chairman of Caisse de Crédit Mutuel de Morlaix
- Director of Confédération Nationale du Crédit Mutuel
- Chairman of the Supervisory Board of ProCapital Securities Services
- Chairman of the Supervisory Board of Arkéa Banking Services
- Vice Chairman of the Board of Directors of Arkéa Capital Investissement
- Vice Chairman of the Supervisory Board of Leasecom Group
- Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels
- Member of the Supervisory Board of Arkéa Crédit Bail
- Director of Arkéa Capital Partenaire
- Director of Monext
- Director of Arkéa SCD
- Arkéa Capital Partenaire representative to the Board of Directors of Le Graët

**DANIEL GICQUEL,**

Director, 62 (initial appointment: May 23, 2008 – term expires: 2014)

- Vice Chairman of Caisse de Crédit Mutuel de Redon
- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Director of Arkéa Capital Investissement
- Director of Banque Privée Européenne (BPE)
- Director of Arkéa SCD

**ALAIN GILLOUARD,**

Director, 54 (initial appointment: May 11, 2001 – term expires: 2013)

- Chairman of Caisse de Crédit Mutuel de Rennes Sainte-Anne Saint-Martin
- Director of Fédération du Crédit Mutuel de Bretagne
- Director of CEOI-BIE
- Crédit Mutuel Arkéa representative to the Board of Directors of Banque Privée Européenne (BPE)

**MICHEL GOURTAY,**

Director, 61 (initial appointment: September 12, 2008 – term expires: 2013)

- Director of Caisse de Crédit Mutuel du Relecq-Kerhuon
- Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels

**MARIE-THÉRÈSE GROUSSARD,**

Director, 55 (initial appointment: September 12, 2008 – term expires: 2014)

- Vice Chairman of Caisse de Crédit Mutuel de Fougères
- Vice Chairman of the Supervisory Board of Suravenir

**AUGUSTE JACQ,**

Director, 65 (initial appointment: May 12, 2006 – term expires: 2015)

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse de Crédit Mutuel de Loctudy
- Chairman of Ark'ensol Créavenir
- Chairman of Créavenir Bretagne
- Director of Ark'ensol
- Director of Crédit Mutuel Arkéa Home Loans SFH





**ALBERT LE GUYADER,**

Director, 68 ans (initial appointment: September 12, 2008 – term expires: 2015)

- Director of Caisse de Crédit Mutuel de Lorient-Porte des Indes
- Chairman of the Supervisory Board of Arkéa Crédit Bail
- Chairman of the Supervisory Board of Foncière Investissement
- Vice Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels
- Crédit Mutuel Arkéa permanent representative to the Supervisory Board of Leasecom Group
- Director of AGEFOS Bretagne

**HUGUES LEROY,**

Director, 65 (initial appointment: May 17, 2002 – term expires: 2014)

- Director of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse de Crédit Mutuel de Pacé-Vezin
- Chairman of the Supervisory Board of Fortuneo Banque
- Vice Chairman of the Supervisory Board of ProCapital Securities Services

**CLAUDETTE LETOUX,**

Director, 66 (initial appointment: May 11, 2001 – term expires: 2015)

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Matignon
- Vice Chairman of Créavenir Bretagne
- Director of Ark'ensol Créavenir
- Director of Financo

**CHRISTIAN PERON,**

Director, 62 (initial appointment: September 12, 2008 – term expires: 2013)

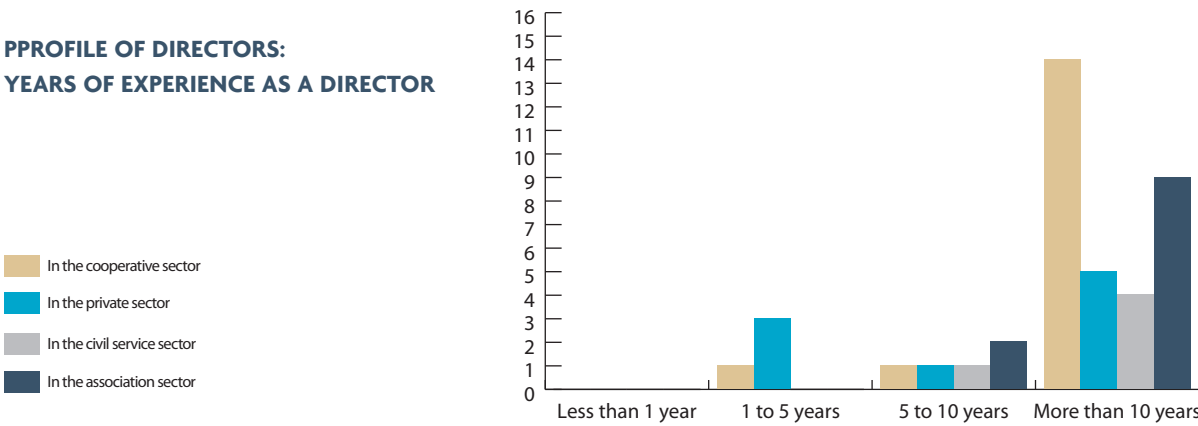
- Chairman of Caisse de Crédit Mutuel de Bannalec
- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Bretagne de Crédit Mutuel Agricole (CBCMA)
- Chairman of Crédit Mutuel Agricole et Rural (CMAR)
- Caisse de Bretagne de Crédit Mutuel Agricole representative to the Supervisory Board of Suravenir

**RAYMOND VIANDON,**

Director, 63 (initial appointment: April 21, 2011 – term expires: 2014)

- Chairman of Caisse de Crédit Mutuel de Castillon la Bataille
- Director of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse Régionale du Crédit Mutuel du Sud-Ouest

**PROFILE OF DIRECTORS:  
YEARS OF EXPERIENCE AS A DIRECTOR**





## 2.2 OTHER OFFICERS AND DIRECTORS



**RONAN LE MOAL,**  
Chief Executive  
Officer, 40

- Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Public Sector SCF
- Chief Executive Officer of Arkéa SCD
- Director of Arkéa Capital Partenaire
- Member of the Supervisory Board of Armoney
- Caisse de Bretagne de Crédit Mutuel Agricole representative to the Board of Directors of Caisse Centrale du Crédit Mutuel (until November 14, 2012)
- Crédit Mutuel Arkéa representative to the Board of Directors of Crédit Mutuel Cartes de Paiements
- Director of Leetchi
- Crédit Mutuel Arkéa representative to the Board of Directors of Ophiliam Développement Conseil
- Crédit Mutuel Arkéa representative to the Board of Directors of Tikehau Capital Advisors

Ronan Le Moal is a graduate of HEC. He joined Crédit Mutuel de Bretagne in 1995 in the General Organization, before becoming the Head of Management Control in 2000. In 2001 he was appointed Chief Technical and Financial Officer of Suravenir, the life insurance subsidiary of Crédit Mutuel Arkéa, and in 2005 became the Chief Executive Officer of Symphonis, which merged with the online brokerage subsidiary Fortuneo in 2007. He was Chairman of the Executive Board of Fortuneo and Chairman of the Executive Board of ProCapital, the subsidiary specializing in securities services on behalf of the Group's financial institutions. In 2008, he was appointed Chief Executive Officer of Crédit Mutuel Arkéa.



**DOMINIQUE ANDRO,**  
Associate Executive  
Officer, 53

- Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Home Loans SFH
- Chairman of the Executive Board of Arkéa Banking Services (since November 5, 2012)
- Chairman of the Board of Directors of Crédit Foncier et Communal d'Alsace et de Lorraine - Banque (since October 18, 2012)
- Director of Financo (until May 2, 2012)
- Member of the Supervisory Board of Armoney (since December 6, 2012)
- Crédit Mutuel Arkéa permanent representative to the Board of Directors of Crédit Mutuel Arkéa Public Sector SCF
- Financo permanent representative to the Board of Directors of Crédit Foncier et Communal d'Alsace et de Lorraine - Banque (until October 18, 2012)
- Crédit Mutuel Arkéa permanent representative to the Board of Directors of Linxo (since April 6, 2012)

Dominique Andro is a graduate of Ecole des Hautes Etudes d'Ingénieur de Lille (HEI). After three years at Crédit Lyonnais, Dominique Andro joined the Crédit Mutuel de Bretagne IT research department in 1987 and was subsequently appointed Chief Administrative and Financial Officer of Crédit Mutuel du Sud-Ouest in 1994. After returning to Brittany in 1998, he held a series of management positions, including retail client marketing, managing the unit covering the French department of Finistère and managing banking products and services. In 2003, he was appointed, successively, Head of Human Resources and Associate Executive Officer. Since November 2008, he has managed Crédit Mutuel Arkéa's "Specialized Networks" division, which comprises in particular the online banking (Fortuneo Banque), private banking (BPE), consumer credit (Financo) and credit consolidation (Crédit Foncier et Communal d'Alsace Lorraine Banque) activities. In November 2012, he also headed up the "Arkéa Services" division, which specializes in the B-to-B and electronic money activities through the Arkéa Banking Services, ProCapital Securities Services, Monext, Armoney and Arkéa Assistance subsidiaries.







**HUMBERT de FRESNOYE,**  
Associate Executive  
Officer, 59

- Chairman of the Executive Board of Suravenir (until May 2012)
- Chairman of the Executive Board of Federal Finance (since March 22, 2012)
- Chairman of the Executive Board of Federal Finance Gestion (since March 22, 2012)
- Director of Schelcher Prince Gestion and, as of March 30, 2012, Chairman of the Board of Directors
- Vice Chairman of the Supervisory Board of Eurobretagne XII
- Member of the Supervisory Board of Infolis
- Member of the Supervisory Board of Ophiliam Développement Conseil
- Member of the Supervisory Board of Tikehau Investment Management
- Crédit Mutuel Arkéa representative to the Supervisory Board of La Française Real Estate Management
- Suravenir representative to the Supervisory Board of Patrimoine et Commerce

Humbert de Fresnoye is a graduate of Institut des Actuaire and a statistician of the University of Paris. After working as an actuary at CNP's Assurances Individuelles from 1979 to 1981, he joined Mutuelles du Mans in 1981 as Division Manager. In 1986, he headed up Suravenir, the life insurance subsidiary of Crédit Mutuel Arkéa. He was an Associate Executive Officer of Crédit Mutuel de Bretagne from 1992 to 2001, then Chief Executive Officer of Crédit Mutuel de Bretagne from 2001 to 2006 and, finally, Chief Executive Officer of Compagnie Financière du Crédit Mutuel from 2006 to 2008. Since 2008, in his capacity as the Head of the "Products" division at Crédit Mutuel Arkéa, he has been responsible for all of the Group's insurance (Suravenir, Suravenir Assurances and Novélia) and asset management (Federal Finance) activities as well as banking products.



**GÉRARD BAYOL,**  
Associate Executive  
Officer, 59

- Chairman of the Executive Board of Arkéa Banque Entreprises et Institutionnels
- Member of the Supervisory Board of Leasecom Group
- Director of Arkéa Capital Partenaire
- Arkéa Banque Entreprises et Institutionnels permanent representative to the Board of Directors of Crédit Mutuel Arkéa Public Sector SCF
- CEOI-BIE permanent representative to the Supervisory Board of Arkéa Crédit Bail
- Crédit Mutuel Arkéa permanent representative to the Board of Directors of Polylogis SAS
- Crédit Mutuel Arkéa permanent representative to the Supervisory Board of Tikehau Investment Management (since June 7, 2012)

Gérard Bayol is a graduate of HEC and began his career as a commercial attaché in the French embassy in Venezuela. He later joined Crédit Commercial de France, where he was responsible for the branches in, successively, Caracas, Rio de Janeiro, Madrid and London. In 1993, he joined Crédit Local de France, first as the General Manager of the Spanish subsidiary, then in France as a member of the Executive Board of Dexia Project & Public Finance and as a member of the Executive Committee of Dexia Crédit Local. From 2001 to 2005, he was Managing Director of Dexia Crediop Spa in Italy. From 2006 to 2008, he was Chief Executive Officer of Dexia Crédit Local France. Since 2009, he has been an Associate Executive Officer of Crédit Mutuel Arkéa responsible for the "Companies and Institutions" division.

**FABRICE BAZARD,**  
Associate Executive  
Officer, 50

until October 31, 2012 (date when  
he left Crédit Mutuel Arkéa)

- Chairman of the Executive Board of Arkéa Banking Services (until October 18, 2012)
- Chairman of the Executive Board of ProCapital Securities Services (until October 5, 2012)
- Chairman of Monext Holding
- Head of Federal Service (until September 21, 2012)
- Director of Eurobretagne
- Member of the Supervisory Board of Armoney (until December 6, 2012)





## 2.3 CHAIRMAN'S REPORT

### on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures

This report has been prepared in accordance with the provisions of article L.225-37 of the French Commercial Code, which specify that for companies whose financial securities are listed for trading on a regulated market, the Chairman of the Board of Directors must provide a separate report appended to the annual report on the composition of the Board and the application of the principle of balanced representation of men and women, the conditions for preparing and organizing the work of the Board as well as the internal control and risk management procedures implemented by the company. In particular, the appended report must list the procedures used to prepare and process the accounting and financial information for the parent company financial statements and, where applicable, the consolidated financial statements. The provisions of article L.225-56 of the French Commercial Code notwithstanding, this report also describes any limitations placed by the Board of Directors on the powers of the Chief Executive Officer.



Jean-Pierre Denis,  
Chairman of  
Crédit Mutuel Arkéa

#### 2.3.1 ORGANIZATION AND PREPARATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors consists of 18 members elected by the member savings banks and customer shareholders at the Shareholders' Annual General Meeting. The Board's directors are of French nationality and come from the home regions of Crédit Mutuel Arkéa's activities:

- 14 members representing the local savings banks affiliated with Fédération du Crédit Mutuel de Bretagne,
- 3 members representing the local savings banks affiliated with Fédération du Crédit Mutuel du Sud-Ouest,
- 1 member representing the local savings banks affiliated with Fédération du Crédit Mutuel Massif Central.

In 2012, the members of the Board of Directors reelected Jean-Pierre Denis as Chairman of the Board for a three-year term.

Inspector of Finance, Jean-Pierre Denis, is a graduate of HEC, the Institut d'Etudes Politiques de Paris and the Ecole Nationale d'Administration. He also holds a master's degree in law and a master's degree in economics (University of Paris II). After exercising prominent responsibilities in the highest echelons of France's civil service (Deputy General Secretary to the President of the French Republic) and corporate world

(Chairman and Chief Executive Officer of Dalkia and later Oséo), he joined Crédit Mutuel Arkéa in October 2007 as Executive Vice Chairman. Since 2008, he has served as the Chairman of Crédit Mutuel Arkéa and of Fédération du Crédit Mutuel de Bretagne.

The Chairman alone is authorized to act in the name of the Board of Directors and speak on its behalf. Working closely with the Chief Executive Officer, he may represent Crédit Mutuel Arkéa in its high-level relations, notably with leading clients, partners and the governmental authorities at the regional, national and international levels. The Chairman presides over Crédit Mutuel Arkéa partnership policy and, in that capacity, chairs the Acquisitions and Partnerships Committee created by Executive Management.

The Board of Directors also has two Vice Chairmen, who may represent Crédit Mutuel Arkéa if so authorized by the Chairman.

The Board does not have a Senior Independent Director. In accordance with the by-laws, the Shareholders' General Meeting may decide to create a team of non-voting members, invited to participate in the meetings of the Board of Directors. This option was not implemented in 2012.

Two representatives from the Central Works Council attend the meetings of the Board of Directors.

A set of by-laws adopted by the Shareholders' General Meeting defines the duties of the directors both at the local level (Crédit Mutuel local savings banks) and regional level (federations). These by-laws set forth the commitments undertaken by each Group director:

- regular attendance at meetings,
- training in the proper exercise of functions,
- independence and lack of any conflicts of interest,

- execution of most savings and credit transactions through the Group,
- maintenance of confidentiality regarding the deliberations.

The Board of Directors of Credit Mutuel Arkéa adopted a Corporate Governance Charter. This Charter reflects the Group's singular nature, which is based on the cooperative and mutual banking model. It contains guidelines for both the directors who are the driving force behind the business model and the employees who make it work on a daily basis. This Charter:

- frames the catalyst role assigned to the federations within the cooperative movement;
- specifies the Chairman's role with respect to organizing the work of the Board of Directors at Crédit Mutuel Arkéa, the highest-ranking governance body of the movement;
- is binding on each director as an invested contributor;
- affirms and structures the linkage between the Board of Directors and Executive Management.

The age limit for directors is set by the by-laws at 65 for a first-time election and 70 for a renewal. Board terms are for three years, renewable.

The Board of Directors includes two women and 16 men. In accordance with article L225-17 of the French Commercial Code, measures to achieve balanced representation of men and women are undertaken for every renewal or new appointment.

In accordance with the French law on the New Economic Regulations, the duties of the Chairman of the Board of Directors and the Chief Executive Officer have been separated, since this approach is most consistent with the company's cooperative and mutualist nature.



## Preparation and organization of the work

The Board of Directors met eight times in 2012. The directors had a meeting attendance rate of 86%.

The Board of Directors uses the resources of Crédit Mutuel Arkéa's Corporate Secretariat and Institutional Communications department in order to prepare and organize its meetings. The meeting agenda is determined by the Chairman after consulting with the Chief Executive Officer. Eight days prior to a meeting, each director receives a file with all the items to be reviewed and discussed by the Board. The Chairman also provides all other Board members with the information, including sensitive information, regarding the Group's activity.

The Board of Directors meetings focused primarily on:

- Monitoring global economic, banking and financial news and internal events directly affecting the Group;
- Monitoring the various business activities, results, risks and prudential ratios of the Group and its main entities using a report presented at each meeting;
- Setting the Group's general orientations for the year;
- Approving the Group's parent company and consolidated financial statements;
- Reviewing the progress made on the "Horizons 2015" strategic business plan.
- Making decisions with respect to company mergers and acquisitions, equity investments and divestments. The Board of Directors was informed of the various partnerships concluded and planned transactions that were not finalized despite the outlay of resources;
- Adapting the prudential framework and applicable limits for the Group and all its entities.
- Reviewing the Annual Report on Internal Control of the Company and the Group submitted to the Prudential Control Authority (ACP), the Confédération Nationale and the statutory auditors.

- Adopting regulatory changes to strengthen internal controls (permanent control, periodic control and compliance).
- Monitoring ACP recommendations on the control and work related to developments and results of the fight against money laundering and terrorism financing.
- Amending the by-laws and internal regulations to be submitted to the 2013 Shareholders' General Meeting for approval;
- Making appointments that are the responsibility of the Board.

This work and these deliberations made it possible to steer business and to perform the necessary controls and audits.

**Four specialized committees** also help to perform the Board's work and provide it with additional recommendations. Each committee has its own Operating Charter, which determines the body's missions and organizational methods.

**The Strategy and Growth Committee** is charged with leading Crédit Mutuel Arkéa's strategic deliberations and providing support to the Board of Directors for its work. This Committee's role consists of:

- monitoring the progress of the Group's strategic plan;
- analyzing the advantages and/or progress made on major Group projects;
- identifying actual result and impact indicators and measuring any differences relative to the project's initial schedule and trajectory;
- providing permanent strategic oversight of the Group's activities and emerging activities.

In 2012, this Committee met seven times.

In 2012 its members received training in company valuation methodologies for potential acquisition targets as part of the acquisition plan initiated by Crédit Mutuel Arkéa.

Responsible in particular for the "Horizons 2015" strategic business plan, the Committee focused its activity in 2012 on monitoring

the growth in the activities of the Fortuneo Banque, Leasecom and Crédit Foncier Communal d'Alsace et de Lorraine subsidiaries. In that regard, it also reviewed the "Alpha Major" project designed to strengthen the value-added and expertise contributed by the local savings banks in the Crédit Mutuel Arkéa networks.

**The Appointments and Compensation Committee** is responsible for supporting Crédit Mutuel Arkéa's Board of Directors by issuing proposals or recommendations with respect to appointments and compensation for the Group's principal officers. Its role consists of:

- issuing proposals to the Crédit Mutuel Arkéa Board of Directors for the appointment of directors at the subsidiaries and permanent representatives to the governance bodies of companies in which Crédit Mutuel Arkéa has equity interests;
- issuing informed opinions on the Chairman's proposals for the appointment of the Chief Executive Officer and Associate Executive Officers prior to their approval by the Board of Directors;
- ensuring the overall consistency of the compensation policy for executives, officers and directors.

In 2012, the Committee met five times.

**The Financial Statements Committee** is charged with helping the Board of Directors assess financial information and control its reliability. Its role consists of:

- understanding the accounting principles and their changes;
- assessing the quality of accounting procedures;
- reviewing the financial statements of Crédit Mutuel Arkéa prior to their review by the Board of Directors;
- monitoring the statutory auditors' work plan and reviewing the findings of their work.

In 2012, the Committee met five times.

**The Audit Committee** is responsible for providing support to the Board of Directors in the fulfillment of its duty to control Crédit Mutuel Arkéa's risks, in accordance with French Banking and Financial Regulations Committee (CRBF) Regulation 97-02 published on February 21, 1997, as amended. The Committee's mission is consistent with the implementation of the EU 8th Company Law Directive on statutory controls of financial statements, which specifies that the Audit Committee is responsible for monitoring the effectiveness of the company's internal control, internal audit and risk management systems. Its role consists of *"providing an assessment of the quality of internal control, notably as regards the consistency of the risk measurement, monitoring and management systems and proposing, as needed, complementary actions in that regard."*

This Committee met 12 times in 2012.



Directors	Composition of Board of Directors Subcommittees			
	Strategy and Growth	Appointments and Compensation	Financial Statements	Audit
Jean-Pierre DENIS				
Jean-François DEVAUX				
Christian TOUZALIN				
Jean-Pierre CORLAY		X		X
Christian DAVID			X	
Lionel DUNET				
Jacques ENJALBERT	X	X		
Daniel GICQUEL		X	X	
Alain GILLOUARD	X			
Michel GOURTAY				X
Marie-Thérèse GROUSSARD			X	
Auguste JACQ	X			
Albert LE GUYADER	X			X
Hugues LEROY	X			
Claudette LETOUX			X	
Christian PERON				
Jean-Louis DUSSOCHAUD		X		
Raymond VIANDON				

Assessment of the Board of Directors

In November 2012, the directors performed a formal assessment of the Board’s operations. This assessment was based on an anonymous self-assessment questionnaire completed by each Board member along with two forward-looking workshops and a participatory discussion. A summary document was then presented to the Board of Directors on February 1, 2013. With respect to its work, the Board noted in particular:

- the overall effectiveness of the organization of the governance structure: the Board and Committees;
- the quality of the information and documentation submitted for decision-making;

- the genuine nature of frank discussions and meaningful sharing of opinions on the Chairman’s initiative;
- balanced and trust-based relations with Executive Management.

In order to further improve its organization and operations, the Board will:

- seek to increase the relative number of women members as quickly as possible;
- consider opening up the Board to members with diverse backgrounds and experience;
- continue to strengthen its training programs, notably in the areas of risk management, internal control and strategy;
- look to streamline the use of communications technologies for Group directors.

2.3.2 LIMITS ON THE AUTHORITY OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the broadest authority to act in all circumstances on behalf of the company and to represent it in its relations with third parties. He exercises his powers within the limits of the company’s corporate purpose and subject to the limits expressly granted by law to Shareholders’ Meetings and the Board of Directors.

2.3.3 INTERNAL CONTROL PROCEDURES

The governance of the internal control function is carried out in accordance with the principles of Crédit Mutuel Arkéa’s Corporate Governance Charter adopted by the Board of Directors on September 12, 2008.

The internal control organization is described in the Group’s Internal Control Charter. Updates to this charter are approved by the Group’s Permanent Control Committee and the Audit Committee.

The Group’s executive body is responsible for determining the actual business orientations (French Monetary and Financial Code Article 511-13). It therefore implements the internal control support systems while ensuring that they are suited to the various risks to which the Group is exposed. It notifies the Group’s deliberative body of progress made in the implementation and status of the systems as well as the degree of risk management they enable.

The Group’s deliberative body periodically reviews the quality of the systems deployed and the degree of control over risks to which the Group is exposed, based on information provided to it by the Chairman of the Audit Committee and the Head of Group Internal Audit and Periodic Control (in particular information required as part of the annual report on internal control, CRBF Regulation 97-02 as amended Article 42).

The Group’s deliberative body is informed by Crédit Mutuel Arkéa’s Risk Management Department of the assessment and monitoring of risks to which the Group is exposed (in particular information required as part of the annual report on risk assessment and monitoring, CRBF Regulation 97-02 as amended Article 43).

The Audit Committee assists the deliberative body with its risk management duties in accordance with the provisions of CRBF regulation 97-02 as amended.

Regarding the accounting recognition of transactions, the Financial Statements Committee analyzes and controls the aggregate and consolidated financial statements before their presentation to the deliberative body.

The deliberative bodies of Crédit Mutuel Arkéa’s subsidiaries approve the application of the Charter’s principles as well as their suitability to their respective entities and assign their implementation to the executive bodies concerned.

Permanent control

The organization of the “permanent control of compliance, security and approval of completed transactions and compliance with other due diligence related to the monitoring of all types of transaction-related risks” (see Article 6a of CRBF regulation 97-02) is based on the following distinction made between the first- and second-level permanent controls:

First-level permanent control

- This control is carried out at the “operational” level, during the actual process itself, either by the operator concerned or by a designated third party.
- All controls are considered first-level controls if they are performed prior to the completion of the process.





## Second-level permanent control

- It is positioned at the control function level.
- It is performed following the normal completion of the corresponding transaction and by a different person from the one who performed the transaction. This person must not be involved in the business or enter into relationships that could compromise or jeopardize the impartial nature of his duties.

As the Internal Control Charter is in the process of being updated, this definition is likely to change in 2013.

In that context, permanent control within Crédit Mutuel Arkéa is based on the following principles:

- the permanent control organization covers all risks for all Group business lines, regardless of the legal organization of the activities generating these risks;
- final responsibility for compliance with regulatory requirements in the area of permanent control falls on the executive body of each entity and on Crédit Mutuel Arkéa for the Group as a whole;
- each unit (local savings bank networks, central departments, subsidiaries) organizes its own permanent control system under the guidance of the local permanent control committee and based on the Group organization principles set out in the Group Internal Control Charter, and reports directly to Crédit Mutuel Arkéa;
- the quality of permanent control is factored into the assessment of the governance or management of an activity.

This organization is therefore present throughout the Group's entire pyramidal structure, since the entire permanent control system is placed under Crédit Mutuel Arkéa's governance.

It is intended to enable the Group's entities to steer risk-taking while managing the potential impacts with reasonable assurance.



The Permanent Control and Compliance Department (PCCD), which reports to the Legal, Permanent Control and Compliance department, coordinates the work of the heads of permanent control and compliance at the Group's various entities (local savings bank networks, central departments, subsidiaries). Its responsibilities include the performance of annual on-site audits at all

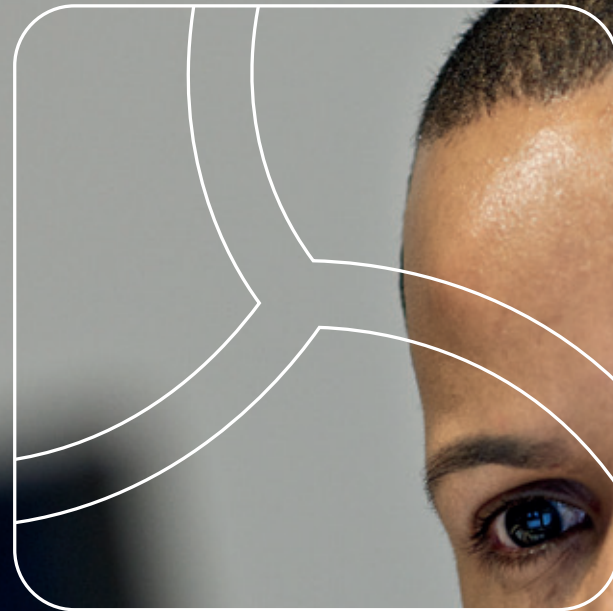
Group units in order to the support the effectiveness of permanent control and compliance control systems with specific topics. For example, the 2012 audit plan reviewed the extent to which the controls construction methodology has been integrated into the Group-wide ERP (for the management, monitoring and steering of controls performed) and also examined the appropriate integration of

control frameworks within the compliance area. A review of the action plan generated by the entities' self-assessment work carried out in 2011, pursuant to CRBF Regulation 97-02, was also performed.

## Group Permanent Control Committee

This Committee is chaired by the Chief Executive Officer of Crédit Mutuel Arkéa. It ensures compliance with rules governing risk-taking and verifying that the permanent control systems, including those with respect to compliance, are appropriate to the Group's activities and risks.

To that end, the committee reviews all major changes in the permanent control system, including with respect to compliance control and especially the anti-money-laundering and anti-terrorism financing system, and takes stock of risks borne by the Group on the basis of the work of the Permanent Control and Compliance Department. It met four times in 2012.



In order to improve the segregation between permanent control and risk management activities, a Risk Committee has been set up, which enables the Permanent Control Committee members to focus all of their efforts on permanent control and the Group's compliance control.

## The compliance control system

The Permanent Control and Compliance department, which reports to the Legal, Permanent Control and Compliance department, steers the compliance activity, including the fight against money-laundering and terrorism financing.

## The scope of activities includes:

- The definition and steering of the Group's system to combat money-laundering and terrorism financing, including project management related to Group software. In 2012, this system was further strengthened in accordance with the requirements of the EU 3rd Directive and its transposition into French law. Efforts were made in the areas of transaction monitoring applications as well as due diligence during the new client relationship start-up process and throughout their duration.
- Managing the ongoing efforts to collect high-quality data on our customers.
- Defining and steering certain Group systems required by Article 11 of CRBF Regulation 97-02 as amended.

Procedures for prior approval of new products:

- A master procedure for the prior approval of new products has been applied since 2007, and in 2009 it was complemented by procedures specific to trading desk operations and third-party asset management operations. An update to the framework procedure led to the creation of two procedural components, one involving production and the other distribution in order to work more effectively within the constraints related to operating staff. Training sessions were conducted to inform participants, including managers, of the process in order to ensure a more effective roll-out of the system at their entities.

- The specific procedure for prior approval of transactions involving acquisitions as well as the procedure for strategic investments in partners and their underlying assets was reviewed in 2012, which will lead to new versions in 2013.

These procedures are reviewed at least annually, approved by the Group's Permanent Control Committee, and submitted to the Audit Committee.

The procedure involving questions on compliance-related problem areas, whose founding principles were approved by the Permanent Control Committee meeting of October 22, 2008, is available to all Group employees. It was not used in 2012.

The regulatory watch on changes in CRBF Regulation 97-02, the AMF's General Regulations and regulations related to the fight against money-laundering and terrorism financing.

The Group system for controlling essential or important outsourced operations as defined by CRBF Regulation 97-02. In 2012, the list of essential activities was revised by the Risk Department.

The management of essential or important outsourced services is consistent with the Group's system for the "management of services and other operating functions." The related applications, the system and the control frameworks are in the process of being updated and will be delivered in early 2013.

- The compliance system for Group investment services (with reference to the French Financial Markets Authority's General Regulations), which is responsible for managing the compliance systems for Group activities and subsidiaries regulated by the AMF.

The Compliance unit also participates in the work initiated by Confédération Nationale du Crédit Mutuel regarding the various aspects of compliance control and reports to it on the operation of its systems.



## Periodic control

The Internal Audit and Periodic Control department (French acronym: DIGCP) performs periodic controls. It conducts its activities at all Group units in accordance with a master periodic control system adopted and implemented within the Group. With respect to subsidiaries, the DIGCP performs its duties in accordance with periodic control delegation agreements duly concluded with each of them. The DIGCP therefore performs its controls for the entire scope of Crédit Mutuel Arkéa in accordance with the terms, conditions and methods stipulated in CRBF regulation 97-02 of February 21, 1997, regarding the internal control of credit institutions and investment firms.

The DIGCP's mission is to provide independent and objective assurance as well as advisory services and suggestions aimed at creating value-added and improving the level of control over Group transactions. Using a systematic and methodical approach, the department helps the Group's achieve its objectives by assessing risk management, control and corporate governance processes in order to determine whether they are appropriate and function in such a manner as to ensure that:

- risks are identified and managed adequately;
- the various corporate governance participants interact as often as necessary;
- all material financial, management and operational information is accurate, reliable and delivered in a timely fashion to the Board of Directors and to senior management;
- employees' actions are consistent with all applicable regulations, standards and procedures;
- resources are acquired in a cost-effective manner, used efficiently and protected adequately;
- programs, plans, and objectives are completed;
- the quality and continuous improvement of the organization's internal control processes are supported;
- significant legislative and regulatory matters that affect the organization are identified and addressed in an appropriate manner.

In order to perform its missions, the DIGCP has developed a body of procedures for periodic control in the business lines and networks, which was updated most recently in December 2012. These procedures are classified into two categories: production processes and support processes.

In order to successfully complete its missions, the DIGCP uses a proprietary risk map that it developed and that constitutes one of the main sources for defining a multi-year plan as well as the annual periodic control plan, whose specific points are determined on the basis of the following items in particular:

- key points identified by the French Prudential Control Authority (Autorité de Contrôle Prudentiel - ACP) during its reviews and in its annual report.
- requests from the Audit Committee.
- requests from the members of the Group's Executive Committee.
- use of "feedback" from previous audits conducted by the Business Line Risk Periodic Control department.
- requests from Confédération Nationale de Crédit Mutuel concerning the performance of periodic controls.

As part of the Horizons 2015 strategic business plan, the Group adopted the principle of completing a post-acquisition review starting in the sixth month following the integration of any major acquisition into the Group. This review is implemented in the DIGCP's annual and multi-year periodic control plans.

The periodic control plan distinguishes between the specific control plan applied to the local savings bank networks and branches of the subsidiaries and the plan covering the Group's companies and subsidiaries.

The periodic control plan thus drawn up is approved by the deliberative body's Audit Committee and confirmed by Crédit Mutuel Arkéa's Board of Directors. It includes annual reviews of major risks involving credit, capital markets, accounting processes, information technology and operations. A cross-referencing of audits performed in the past three years and



the types of risks defined by CRBF Regulation 97-02 has been completed, making it possible to assess the coverage level for each of these risks.

When the 2013 periodic control plan was drawn up, this cross-referencing was completed in order to assess the coverage of major risks.

This method was also used in 2010, 2011 and 2012 to serve as the basis for developing the multi-year audit plan. This plan covers the main risk areas identified in the DIGCP's risk map as well as Crédit Mutuel Arkéa's growth priorities.

Moreover, consistent with the decision taken by the Prudential Control Authority regarding the certification of the annual financial statements of Crédit Mutuel savings banks, each year the DIGCP audits the financial statements of the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud Ouest and Crédit Mutuel Massif Central federations prior to their presentation to the shareholders' general meetings. These audits are carried out in accordance with professional auditing standards.

Moreover, with respect to the control function, the DIGCP is specifically in charge of detecting and resolving internal fraud issues. As part of this goal, the DIGCP must deploy a remote, sample-based control system along with its permanent control systems and, more generally, contribute to internal and external fraud prevention and detection through appropriate means. In this area, the DIGCP is specifically responsible for controlling the accounts of employees and directors in accordance with applicable regulations as well as the by-laws, standards, and principles adopted by Crédit Mutuel.

### Periodic Control Committee

Chaired by Crédit Mutuel Arkéa's Chief Executive Officer, this Committee assesses the quality of periodic control, in particular with respect to the consistency of the risk assessment, monitoring and control systems applied at the consolidated level, and

recommends additional actions whenever necessary. It participates in drawing up the annual periodic control plan.

It takes stock of the findings of control and audit reports, approves the recommendations contained in these reports, and monitors their implementation.

Committee members include:

- the Chief Executive Officer (Chairman);
- two senior managers, for the 2011-2013 period: the Head of the Specialized Networks division and Head of the Products division;
- one of the three Crédit Mutuel Arkéa local savings bank network department heads, for the 2011-2013 period: the Chief Executive Officer of the CMB federation;
- the Head of Group Internal Audit and Periodic Control;
- The Head of the Innovation and Operations division (since October 2012).

The Committee invites the following people to participate:

- the Head of the Development Support division or, if he is not available, his deputy;
- the Head of the Business Line Risk Periodic Control department (secretary).

The meetings are held at least three times annually. In 2012, the Periodic Control Committee met 11 times.

### The Audit Committee

The Audit Committee helps the Board of Directors perform its duties with respect to controlling Crédit Mutuel Arkéa's risks in accordance with the provisions of CRBF Regulation 97-02 as amended.

In this respect, its role consists mainly of "assessing the quality of internal control, in particular the consistency of risk assessment, monitoring, and control, and suggests additional actions whenever necessary." Its missions, goals, composition, and operating rules are contained in an Audit Committee Charter that is updated by the Group Internal





Audit and Periodic Control Department and approved by the deliberative body.

Its mission is part of the implementation of the EU 8th Company Law Directive on the auditing of financial statements, which stipulates that the Audit Committee is responsible for monitoring the effectiveness of the Company's internal control, internal audit, and risk management systems.

Crédit Mutuel Arkéa's Executive Management provides the Audit Committee with all relevant information and reports on:

- risk trends;
- the quality and scope of controls;
- major changes in the company's risk exposure.

The Audit Committee:

- approves the annual periodic control plan;
- receives reports prepared by the Group Internal Audit and Periodic Control department;
- reviews the annual internal control report;
- takes stock of the reports prepared by regulatory authorities, the CNCM Internal Audit department and the statutory auditors as well as the findings of these reports;
- submits reports on its work to Crédit Mutuel Arkéa's Board of Directors.

The Audit Committee remains in direct contact with the Head of Group Internal Audit and Periodic Control in order to ensure a satisfactory level of independence and communication. For that purpose, the committee may at any time freely contact the Head of Group Internal Audit and Periodic Control if it is deemed necessary.

The Audit Committee comprises:

- a Chairman;
- three members of the Crédit Mutuel Arkéa Board of Directors.

The following people are invited to participate in the meetings:

- the Group's Chairman,
- the Group's Chief Executive Officer,

- the Head of Group Internal Audit and Periodic Control (Secretary),
- the Head of the Business Line Risk Periodic Control department (Secretary)
- the managers involved depending on the meeting agenda.

At least six meetings are held each year. In 2012, the Audit Committee met 12 times.

#### **Internal control procedures relating to the preparation and processing of accounting information**

The Development Support division is responsible for preparing the Group's accounting and financial information.

This division defines the organization for the accounting of transactions, based on two activities: account-keeping and the Group's consolidation. The account-keeping (preparation of company financial statements and related consolidation packages) as well as the accounting production and dissemination of regulatory disclosures of Group entities are performed directly by the financial departments of the companies themselves or by the Crédit Mutuel Arkéa Accounting department, as part of a formalized assignment.

This organization centralizes the key activities enabling it to ensure the quality of the accounting information across the entire scope of the Group's activities. To that end it designs and maintains the charts of accounts (excluding the insurance and leasing activities), defines accounting rules and methods and implements the account reconciliation process in connection with the Group's management units as well as the control and analysis procedures needed to prepare and process accounting information for both Crédit Mutuel Arkéa and all subsidiaries delegating their accounting work.

It coordinates management control aimed at securing accounting and financial data, notably through the budgetary control and results analysis functions.

These processes, which are performed in accordance with the Development Support division's own procedures, are then audited independently by the statutory auditors.

A Financial Statements Committee further enhances the control system. This committee helps Crédit Mutuel Arkéa's Board of Directors assess financial information and verify its accuracy. It reviews the financial statements of the Group and its constituent entities

prior to their presentation to the Board and approves the accounting policies applied at financial statements closings as well as the scope of consolidation. This committee met five times in 2012.

March 1, 2013

Jean-Pierre Denis,  
Chairman of the Board of Directors





## 2.4 EXECUTIVE MANAGEMENT BODIES AND THEIR WORK

**The principal purpose of Crédit Mutuel Arkéa's Executive Committee is to support the Group's Chief Executive Officer in the Group's strategic governance and the development of its performance.**

This committee's role consists of:

- making recommendations with respect to the Group's strategy to Crédit Mutuel Arkéa's Board of Directors;
- directing the implementation of the strategy set by the Board of Directors and allocating the necessary resources for its establishment;

- determining the objectives for the Group's entities and monitoring their realization;
- reviewing issues involving the Group's organization and matters of general interest.

Crédit Mutuel Arkéa's General Management Committee performs the following tasks:

- ensures the coordination of projects and initiatives by the Group's various entities;
- weighs the relative merits of and renders final decisions with respect to issues involving Group-level activities.

The Executive Committee meets three times per month. As of December 31, 2012, it was comprised of the following members:

Ronan LE MOAL	Chief Executive Officer of Crédit Mutuel Arkéa
Dominique ANDRO	Associate Executive Officer responsible for the Specialized Networks and Arkéa Services divisions
Gérard BAYOL	Associate Executive Officer responsible for the Companies and Institutions division
Humbert de FRESNOYE	Associate Executive Officer responsible for the Products division
Hervé CROSNIER	Associate Executive Officer responsible for the Development Support division
Jean-Pierre LE TENNIER	Chief Executive Officer of Crédit Mutuel de Bretagne

The General Management Committee meets once a month and, in addition to the Executive Committee, includes the following members:

Jean-Marc JAY	Chief Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest
Didier ARDOUIN	Chief Executive Officer of Fédération du Crédit Mutuel Massif Central
Frédéric LAURENT	Deputy Head of the Innovation and Operations division
Anne LE GOFF	Head of Corporate Secretariat and Institutional Communications department
Marie-Antoinette TANGUY	Head of Human Resources and Training
Jean-Luc LE PACHE	Assistant to the Deputy Head of the Development Support division

**The Head of Group Internal Audit and Periodic Control is always invited to participate in the meetings of the General Management Committee.**

As part of its powers and authorizations and in order to ensure the relevance and quality of its decisions, Crédit Mutuel Arkéa's Executive Management structures its organization with cross-functional committees that include one or more members of the General Management Committee.

These committees include:

- Periodic Control Committee;
- Permanent Control and Compliance Committee;
- ALM Committee;
- Credit Committee;
- Loan Committee;
- Risk Committee;
- Counterparties Committee;
- Purchasing Committee;
- Networks Marketing Committee;
- Real Estate Committee;
- Acquisitions and Partnerships Committee.

## 2.5 CONFLICTS OF INTEREST FOR OFFICERS AND DIRECTORS

As of the filing date for this Registration Document, there were no conflicts of interest between Crédit Mutuel Arkéa and the members of its Board of Directors and Executive Management Committee. In any event, if a member of the Board of Directors

of Crédit Mutuel Arkéa were to find himself in a situation of actual or potential conflict of interest, he would be required to abstain from participating in the vote on that particular issue.





# 2.6 COMPENSATION OF OFFICERS

As of the date of this Registration Document, Crédit Mutuel Arkéa's shares are not listed on a regulated market. However, Crédit Mutuel Arkéa publishes information relative to the compensation of officers in accordance with the recommendations published by AFEP/MEDEF (October 2008 recommendations) and by the AMF (December 22, 2008 recommendation).

The compensation policy for officers and directors and associate executive officers satisfies the new rules defined by the European Capital Requirements Directive (CRD III) of November 24, 2010, which was transposed into French law by the Ministerial Decree of December 13, 2010.

This compensation consists of a component linked to the Group's earnings and another component linked to the individual performance of the officer or the activity for which he is responsible. It includes, for associate executive officers, any profit-sharing granted by their company of employment.

For the first component, the Group indicators used, which apply for all managers, include the following: the current profit before tax, cost-to-income ratio and loan-to-deposit ratio. These indicators are set annually by the Board of Directors of Crédit Mutuel Arkéa, acting on the recommendations of the Appointments and Compensation Committee. In order to attribute this component, at least two of the three indicators must be achieved and the average level attained must be at least 100%.

The second component of variable compensation, which is contingent upon the payment of the first, is based on clearly identified and measurable individual indicators. For officers and directors, namely the Chairman and Chief Executive Officer of Crédit Mutuel Arkéa, the definition and level of these indicators are determined by the Appointments and Compensation Committee.

The Chief Executive Officer defines the individual criteria for the associate executive officers. This second component may be enhanced on a discretionary basis in the case of exceptional performance or results. Variable compensation in a given year may not exceed 75% of the fixed compensation for officers and directors, or 60% for associate executive officers.

Acting on the advice of the Appointments and Compensation Committee, variable compensation for officers, directors and associate executive officers must be approved by the Crédit Mutuel Arkéa Board of Directors, which has total latitude to set the level in accordance with the above-mentioned limits.

The payment of the variable compensation is spread over three years. The two deferred portions are paid only if the financial performance conditions set by the Board of Directors of Crédit Mutuel Arkéa are satisfied.

Officers, directors and associate executive officers do not receive grants of options on shares or debt securities or grants of performance shares, and in fact the Crédit Mutuel Arkéa by-laws do not allow for such grants.

Whereas Crédit Mutuel Arkéa continues to pay out compensation for its Chairman and Chief Executive Officer, since June 1, 2011 compensation for senior managers has been paid out by Arkéa SCD, the employing company, which is a 99.85%-owned subsidiary of Crédit Mutuel Arkéa and whose directors are members of the Compensation Committee.

Moreover, no employee working in financial markets performs an activity that could have a significant impact on Crédit Mutuel Arkéa's risk exposure.

The compensation received by Crédit Mutuel Arkéa's executives is presented in the table below:

	Compensation due for 2011	Compensation due for 2011	Compensation due for 2012	Compensation paid 2012
<b>Jean-Pierre Denis - Chairman <sup>(a)</sup></b>				
Fixed compensation	450,273	450,273	450,273	450,273
Variable compensation	225,000	165,000	0	199,091
In-kind benefits <sup>(b)</sup>	8,555	8,555	8,765	8,765
<b>Total</b>	<b>683,828</b>	<b>623,828</b>	<b>459,038</b>	<b>658,129</b>

(a) Term started on mai 3, 2012 and will end in 2015. The employment contract was suspended upon appointment. No indemnity would be paid in the event of a departure from the Group or for a non-compete clause. The Chairman enjoys the same benefits in terms of death/invalidity insurance and pension allocation plan as the employees.

(b) Company car only.

<b>Ronan Le Moal - Chief Executive Officer <sup>(a)</sup></b>				
Fixed compensation	360,242	360,242	360,242	360,242
Variable compensation	180,000	130,000	0	160,817
In-kind benefits <sup>(b)</sup>	9,334	9,334	9 334	9,334
<b>Total</b>	<b>549,576</b>	<b>499,576</b>	<b>369,576</b>	<b>530,393</b>

(a) Term started on September 12, 2008. The employment contract was suspended upon appointment. No indemnity would be paid in the event of a departure from the Group or for a non-compete clause. The Chief Executive Officer enjoys the same benefits in terms of death/invalidity insurance and pension allocation plan as the employees.

(b) Company car only.

<b>Dominique Andro - Associate Executive Officer <sup>(a)</sup></b>				
Fixed compensation	255,177	255,177	255,177	255,177
Variable compensation	105,932	76,287	18,186	97,167
In-kind benefits <sup>(b)</sup>	8,560	8,560	10,434	10,434
<b>Total</b>	<b>369,669</b>	<b>340,024</b>	<b>283,797</b>	<b>362,778</b>

(a) Term started on May 15, 2009

(b) Company car only

<b>Gérard Bayol - Directeur général délégué <sup>(a)</sup></b>				
Fixed compensation	350,211	350,211	350,211	350,211
Variable compensation	144,832	135,800	18,186	107,946
In-kind benefits <sup>(b)</sup>	8,558	8,558	8,879	8,879
<b>Total</b>	<b>503,601</b>	<b>494,569</b>	<b>377,276</b>	<b>467,036</b>

(a) Term started on May 15, 2009

(b) Company car only

<b>Fabrice Bazard - Directeur général délégué <sup>(a)</sup></b>				
Fixed compensation	255,185	255,185	212,654	212,654
Variable compensation	114,834	90,498	17,197	151,928
In-kind benefits <sup>(b)</sup>	7,358	7,358	7,443	7,443
<b>Total</b>	<b>377,377</b>	<b>353,041</b>	<b>237,294</b>	<b>372,025</b>

(a) Term started on May 15, 2009. Term ended on October 31, 2012. The compensatory allowance for paid leave amounted to € 235,753.

(b) Company car only

<b>Humbert de Fresnoye - Directeur général délégué <sup>(a)</sup></b>				
Fixed compensation	255,177	255,177	255,177	255,177
Variable compensation	88,920	68,374	18,186	79,695
In-kind benefits <sup>(b)</sup>	9,620	9,620	9,620	9,620
<b>Total</b>	<b>353,717</b>	<b>333,171</b>	<b>282,983</b>	<b>344,492</b>

(a) Term started on May 15, 2009

(b) Company car only





# 3 FINANCIAL INFORMATION

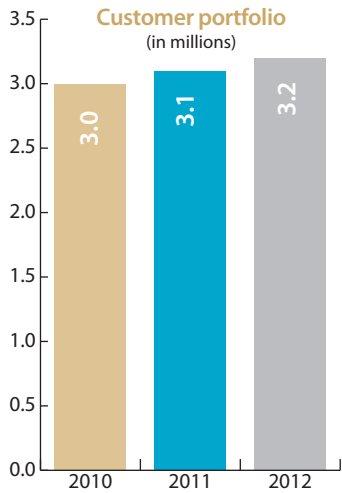


# 3.1 ACTIVITIES

## CUSTOMERS

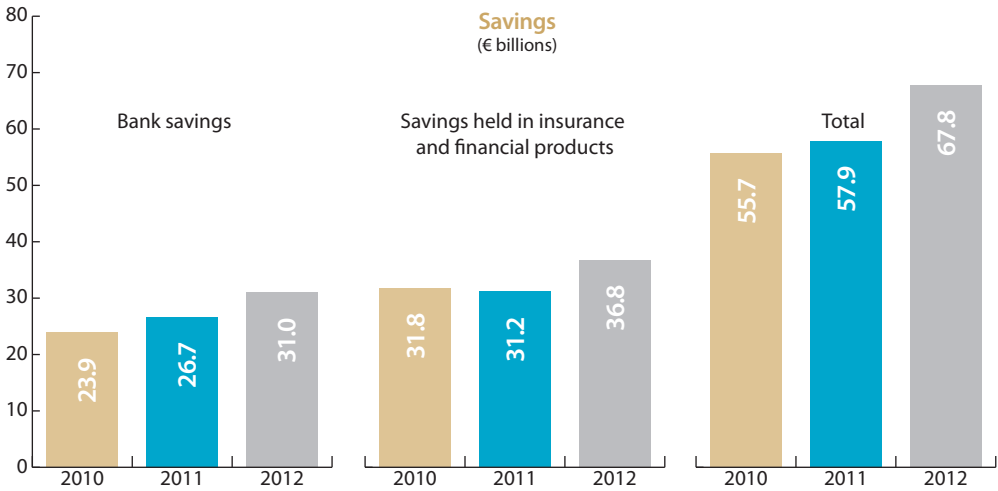
Gross new customer development was stable in 2012 relative to 2011, thanks in particular to new customer development by the Crédit Mutuel networks, Fortuneo and Suravenir Assurances.

The customer portfolio increased by 3%, corresponding to 106,000 additional customers.



## SAVINGS

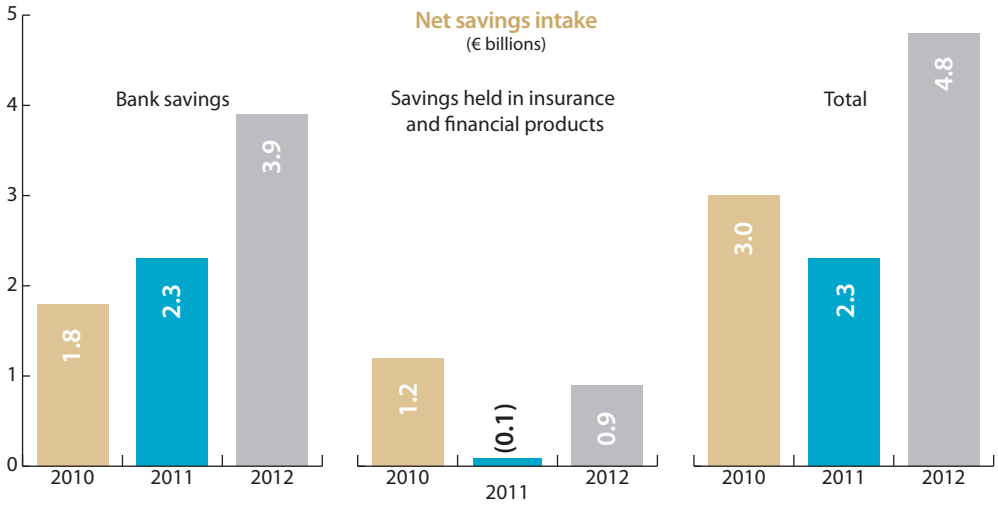
Overall savings increased by 17.2% to €67.8 billion.



2012 was a record year for the Group in terms of net savings intake, which totaled €4.8 billion, an increase of €2.6 billion and more than double the 2011 intake.

This trend was due to:

- a strong increase in interest-bearing bank deposits (up 1.7x to €3.9 billion);
- net intake in life insurance products of €147 million, down 29% from the previous year;
- a favorable performance in financial savings, which increased by €0.8 billion, up €1.1 billion relative to 2011.



The increase in interest-bearing bank savings was mainly due to the substantial intake recorded by Arkéa Banque Entreprises et Institutionnels on its new investment product reserved for sole proprietorships, “Activ’Epargne Pro.” The Crédit Mutuel and Fortuneo networks also continued their strong performance through significant new deposits in savings accounts.

Savings held in insurance and financial products performed well in terms of net intake, thanks in large part to new partnerships and the renewed stock market activity.

## SHARES

The number of shares outstanding increased by 467 million, crossing the 2 billion threshold and strengthening the Group’s equity.

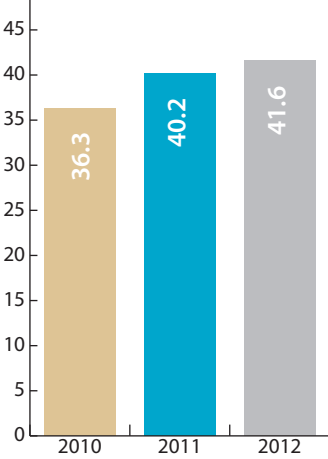




LENDING

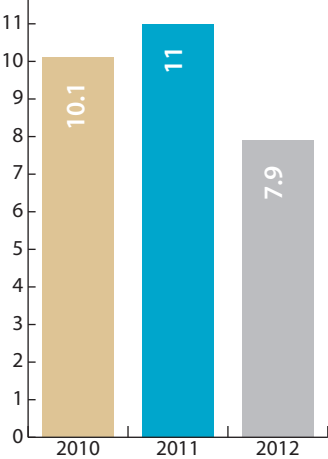
Gross loans outstanding increased by 3.4% to €41.6 billion. Outstanding loans net of provisions rose by 3.5% to €40.7 billion.

Total gross loans outstanding  
(€ billions)

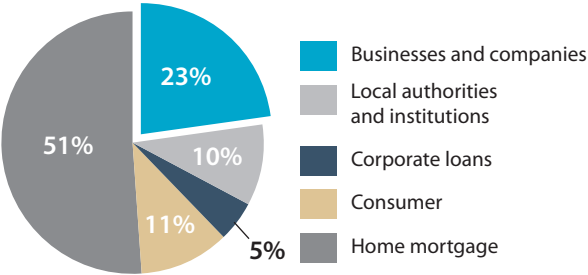


New lending in 2012, led primarily by the Crédit Mutuel and Arkéa Banque Entreprises et Institutionnels networks, totaled €7.9 billion. This reflected a 28% decrease.

Loan production  
(€ billions)



Gross loans outstanding  
by loan type 2012

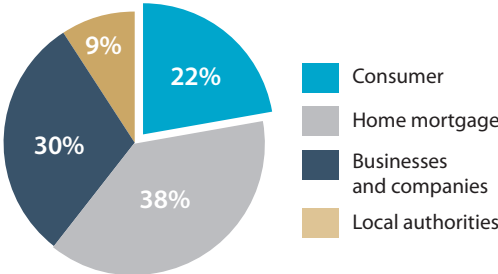


Home mortgage production totaled €3 billion.

New lending to companies and businesses totaled €2.4 billion.

New consumer credit volume totaled €1.8 billion.

Loan production  
by loan type



BUSINESS TO BUSINESS (BTOB) SERVICES

	2010	2011	2012
Volume of transaction flows processed (millions)	626	696	776
Securities held in custody (€ millions)	24,185	19,096	21,119
Number of BtoB customers	384	527	750

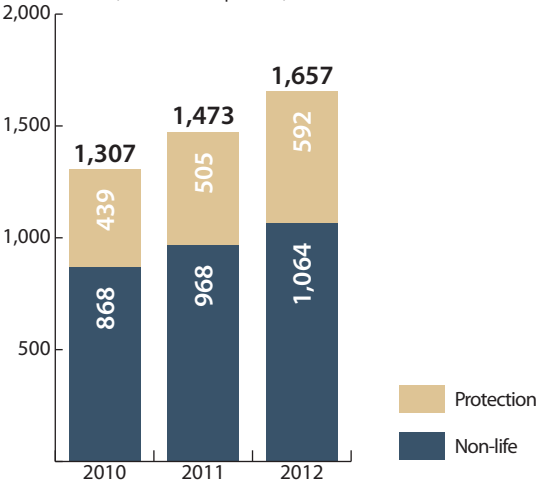
ONLINE BANKING AND MOBILE SERVICES

Crédit Mutuel Arkéa continues to develop its online platforms, notably through the launch of its new web site for the federations and the development of Fortuneo Budget, the leading multi-account, multi-bank budget management service.

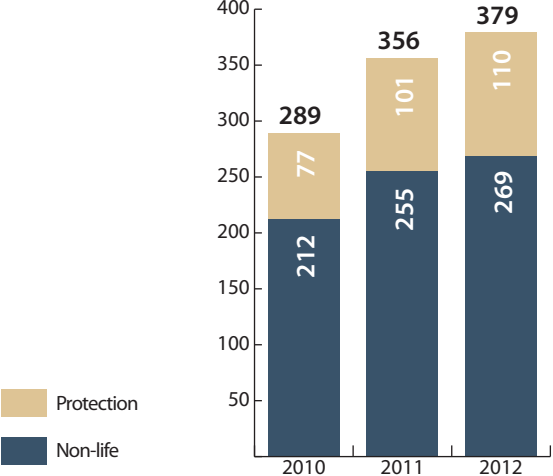
NON-LIFE PROTECTION INSURANCEE

The policies distributed by the Group are developed by two specialized subsidiaries, Suravenir and Suravenir Assurances, or developed and managed by Novelia, a wholesale broker. These three entities are also each developing their own networks of distribution partners outside the Group, thereby helping to expand Crédit Mutuel Arkéa's areas of influence. In 2012, new business volume totaled 379,100 contracts, a 6.5% increase. The portfolio was up by 12% to 1.7 million contracts. Contracts distributed through non-Group entities accounted for 36% of the portfolio increase in 2012.

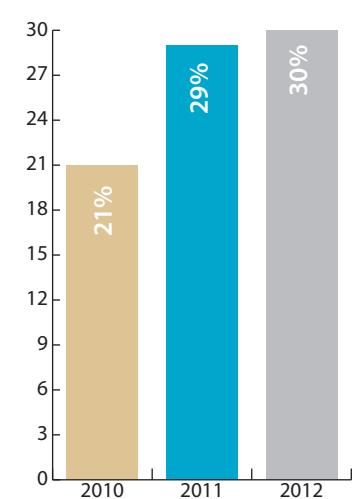
Non-life and protection  
insurance portfolio  
(thousands of policies)



New non-life  
and protection insurance  
(thousands of policies)



Share of new business marketed  
by non-Group distributors





## 3.2 FINANCIAL RESULTS

In 2012, Crédit Mutuel Arkéa recorded net income attributable to equity holders of the parent company of €168 million, down 42% relative to 2011 in a difficult economic environment.

Net banking and insurance income decreased by 2.2% to €1.7 billion, mainly as a result of the decline in the net interest margin and commission income on banking and financial market transactions.

Operating expenses increased by 6% to €1.3 billion in connection with the implementation of the recruiting plans (full year impact of recruitments made in 2011) and technology investments (increased depreciation expense).

The cost of risk remained stable overall at €116 million, with a controlled increase of €5 million.

	€ millions		
	2012	2011	% change
Net banking and insurance income	1,667	1,705	(2.2%)
Operating expenses	(1,262)	(1,190)	6.0%
Gross operating income	406	514	(21.1%)
Gross operating income	(116)	(111)	4.2%
Operating income	290	403	(28.0%)
Corporate tax	(124)	(113)	9.6%
Net income attributable to equity holders of the parent company	168	290	(42.1%)
Net income and other comprehensive income	320	227	+41.0%
Cost-to-income ratio	75.6%	69.8%	+5.8 pts
ROE	4.2%	8.1%	(3.8 pts)



## NET BANKING AND INSURANCE INCOME

Net banking and insurance income declined by 2.2% relative to 2011 to €1.7 billion.

The analysis of net banking and insurance income is based on the segment breakdown used in the financial statements.

### The banking segment

The banking segment consists primarily of the Group's Crédit Mutuel networks, the commercial banks (Arkéa Banque Entreprises et Institutionnels, Arkéa Crédit Bail and Leasecom), the specialized subsidiaries (BPE, Financo and CFCAL), property management (Foncière Investissement), the capital markets bank (Crédit Mutuel Arkéa proprietary trading), financial and stock market brokerage (ProCapital Securities Services, Fortuneo Banque and Monext), and private equity (Arkéa Capital Investissement and Arkéa Capital Partenaire).

Net banking income fell by 7.5% as a result of the combined impact of an 8.5% contraction in the net interest margin and a 3.9% decrease in commission income.

The decline in commission income was largely due to the drop in market order volume processed, early redemption requests and interbank fees on payments.

### The insurance and asset management segment

The insurance and asset management segment consists of the life insurance (Suravenir) and non-life insurance (Suravenir Assurances) companies and the asset management companies (Federal Finance and Schelcher Prince Gestion).

Net banking and insurance income in the insurance segment increased by 17.8%.

Net banking and insurance income in the life insurance segment increased by 16.9%. This increase was mainly due to the non-recurring gain on the disposal of a protection portfolio.

Net banking and insurance income in the non-life insurance segment rose by 20.3%, as the increase in earned premiums outpaced that of claims, reflecting a favorable 1.7 point decline in the loss ratio (net of reinsurance) to 69.4%.

The asset management activity's contribution increased by 20.7% as a result of the full-year consolidation of Schelcher Prince Gestion.

## OPERATING EXPENSES

Operating expenses increased by 6% to €1.3 billion.

Personnel expenses were up 8.5% due to individual and general salary raises and the full-year impact of the 2011 recruiting plan.

The 27.7% increase in depreciation expense reflects investments made as part of the implementation of the strategic plan and related projects.

Other expense declined by 1.9%.

## COST OF RISK

The cost of risk was kept in control and increased by a slight €5 million, driven higher mainly by the cost of market risk.

## CRÉDIT MUTUEL ARKÉA'S RETURN ON EQUITY

The Group's financial performance is assessed on the basis of its return on equity (RoE), which measures net income for the year relative to shareholders' equity at the beginning of the year and after the dividend distribution. The Group's RoE was 4.23% as of December 31, 2012, compared with 8.12% the previous year.

# 3.3 CAPITAL AND REGULATORY RATIOS

## 3.3.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

### Organization

Crédit Mutuel Arkéa is subject to French capital adequacy regulations transposing the European directives "Capital adequacy of investment firms and credit institutions" and "Financial conglomerates." The risk assessment methods applied are consistent with the regulatory standards and definitions used at the Crédit Mutuel Group level.

The Group ALM department monitors the consolidated solvency ratio of the banking activity and the aggregate ratio for the banking and insurance activities (financial conglomerates ratio).

This department also monitors capital adequacy, analyzing the impact of the Basel Committee proposal to establish new capital adequacy standards (Basel III) as well as their transposition into European Union regulations.

At Crédit Mutuel Arkéa, capital is allocated by business line. Each banking and insurance subsidiary monitors its own solvency ratio. Suravenir, the life insurance subsidiary, monitors the solvency standards for its own business activity.

### Assessment

Crédit Mutuel Arkéa's Accounting department calculates the banking and financial conglomerate solvency ratios on the reporting date in accordance with applicable standards, notably on the basis of capital adequacy calculations performed by the Group's Risk department. The insurance activity's solvency ratio is calculated and monitored by the Group's insurance companies.

Based on regulatory statements, growth forecasts for the Group's activity and appropriate projections of capital adequacy requirements, the Group ALM department determines the banking and financial conglomerate solvency ratio projections for the upcoming years in order to anticipate capital needs or to propose optimization measures.

The proposed changes to the so-called Basel III capital adequacy standards have been analyzed by the Group ALM department. Major differences with current standards and impact simulations have been the subject of presentations to Executive Management. Suravenir is responsible for the impact studies and implementation of Solvency II.



3.3.2 SOLVENCY RATIOS

Prudential capital

The Tier 1 capital of the solvency ratio stood at €3.5 billion (of which 97% in Core Tier 1, i.e. excluding perpetual subordinated debt securities).

After adding in Tier 2 capital, prudential capital totaled €3.8 billion.

While the overall amount of prudential capital remained stable relative to 2011, its quality increased thanks to the significant rise (€380 million) in Core Tier 1 capital.

	€ millions	
	12/31/12	12/31/11
Tier 1 capital, net of deductions	3,471	3,224
<i>of which, core Tier 1</i>	3,359	2,979
Tier 2 capital, net of deductions and tertiary capital	297	575
Total capital used to calculate the solvency ratio	3,768	3,799

Basel II capital requirements

		€ millions	
		12/31/12	12/31/11
CREDIT RISK		1,852	1,960
Standard method		310	1,115
	Credit institutions	62	49
	Companies	50	866
	Retail customers	188	183
	Shares and other assets that are not corporate bonds	10	17
Internal ratings based method		1,406	845
	Credit institutions	61	54
	Companies	646	-
	Retail customers	221	223
	Equities	541	501
	Securitization positions	15	8
	Other assets that are not corporate bonds	59	59
MARKET RISKS (standard method)		4	10
	Interest rate risk	4	10
	Risk of change on ownership securities	0	0
OPERATIONAL RISK (advanced approach almost exclusively)		127	131
TOTAL CAPITAL REQUIREMENTS		1,984	2,101

Solvency ratios

	12/31/12	12/31/11	
		Excluding Basel I floor	With Basel 1 floor
Core Tier 1 ratio	13.5%	11.3%	9.5%
Tier 1 ratio	14.0%	12.3%	10.3%
Overall ratio	15.2%	14.5%	12.1%

The Core Tier 1 ratio increased significantly from 9.5% to 13.5% in 2012. The increase was due to the lowering of capital requirements – cancelation of additional requirements (Basel 1 floor) and certification of the advanced measurement approach for companies – along with the increase in shares outstanding and retained earnings.

The overall ratio also recorded a strong increase, albeit at a slightly slower pace as a result of the repayment of subordinated debt securities.

prudential capital through more substantial restatements than those that currently exist as well as in an increase in the minimum Core Tier 1 and Tier 1 requirements (to which additional safety buffers will be added).

The regulatory work continued apace in 2011, notably with the first draft of legislation to transpose the Basel III rules into European Union law (through a directive and a regulation). This draft legislation includes most of the Basel Committee’s proposals; its adoption, initially expected in 2012, is now likely in 2013.

3.3.3 POTENTIAL CHANGES UNDER “BASEL III”

2010 was marked by the Basel Committee proposals to set new capital adequacy standards, commonly known as Basel III. These proposals would result in a decrease in banks’

For Crédit Mutuel Arkéa, the currently available stress tests that integrate an immediate application of the European draft legislation show immediate compliance with the future minimum Core Tier 1 and Tier 1 regulatory requirements.





### 3.3.4 POTENTIAL CHANGES UNDER “SOLVENCY II”

The Solvency II directive enacted by the European Parliament in 2009 aims to improve the current solvency system by fundamentally overhauling the requirements applicable to insurance companies so that these requirements more accurately reflect the companies’ actual risk exposure. The Solvency 2 directive is expected to enter into force in 2015. However, the definition of a counter-cyclical premium that should be included in the Omnibus 2 directive is still being discussed. In light of the decision-making process, the scheduled entry into force in 2015 would already appear to be delayed. Nevertheless, the new reporting measures should take effect beginning January 1, 2014.

The finalization of the Solvency II reform is subject to the findings of an assessment process that will in all likelihood be conducted from January to June 2013. This process should enable European decision-makers to decide on the treatment of long-term investment guarantees and make it possible to find and assess the proposed counter-cyclical measures, without which, according to the European insurance industry, the Solvency 2 regime would not be able to take effect.

The Group’s insurance companies have always sought to improve their own risk management. The Solvency II directive is an opportunity to go even further and strengthen the governance system.

In 2012, the Group’s insurance companies continued their preparations for the implementation of Solvency II’s three pillars:

- regulatory calculations performed on the basis of the Solvency II standard formula showed that the capital requirements are covered by eligible capital;
- the automation of regulatory calculations is in the process of being finalized, as the work on regulatory reporting began in 2012;
- the ORSA process (internal assessment of Solvency) makes it possible to implement quantitative and qualitative risk management.

Solvency II is therefore gradually affecting all of the Group’s insurance activities. The strategic impacts range from the company’s overall governance to the operating process for new product creation.



## 3.4 OUTLOOK

### ECONOMY

The consensus outlook for 2013 from economists and international forecasting institutes suggests that the global economy is likely to slow down in an environment of modest inflation. A definitive return to economic growth is projected to occur only as of 2014.

The euro zone economy bottomed out in the fourth quarter of 2012, and the recovery is expected to start out very gradually and pick up speed in the second half of 2013. Budgetary austerity will be the main factor weighing on growth.

In France in particular, the level of uncertainty is high with respect to the impact of budget cuts and tax increases on economic growth in 2013 and 2014. Forecasters are calling for the GDP trend to lie in a range between a 0.3% contraction and 0.3% growth.

Since 2012, the financial sector has been particularly challenged through considerable regulatory tightening. A growing amount of this regulation, notably with respect to liquidity, is also weighing on profitability. This new environment, which appears to be here to stay, will continue to affect results in 2013.

### CRÉDIT MUTUEL ARKÉA: FROM EFFICIENCY TO AGILITY

2012 was a year focused on efficiency, both in terms of operational efficiency as well as strengthening the Group’s fundamentals.

In 2013, the Group plans to confirm its agility and ability to adapt by:

- working to improve its balance sheet ratios (matching of lending and banking resources, contributions of its customer shareholders to the share capital and acceleration of the development of individual protection insurance);
- pursuing the improvement of the Group’s operational efficiency, notably through a major operating cost reduction program, and by completing the work on the big development projects initiated in 2012;
- launching deliberations on the banking model of tomorrow, anticipating the major trends of the banking business and looking to further strengthen the Group’s differentiation.

In 2013, the Group also expects to finalize the disposal of Banque Privée Européenne.

### COMPANY OUTLOOK SINCE THE PUBLICATION OF ITS MOST RECENT VERIFIED FINANCIAL STATEMENTS

No significant deterioration has affected the company since the closing date of its most recent financial statements, which were verified on December 31, 2012 and published on March 1, 2013.



3.5 CONSOLIDATED FINANCIAL

BALANCE SHEET

In thousands of euros

Assets	Notes	12.31.2012 IFRS	12.31.2011 IFRS
Cash, due from central banks	1	5,215,486	1,565,618
Financial assets at fair value through profit or loss	2	8,531,619	7,239,531
Derivatives used for hedging purposes	3	878,920	528,349
Available-for-sale financial assets	4	23,454,898	20,919,592
Loans and receivables due from banks	1	7,026,514	9,427,819
Loans and receivables due from customers	5	38,570,498	39,780,410
Remeasurement adjustment on interest-rate risk hedged portfolios		339,145	234,330
Held-to-maturity financial assets	7	321,767	334,670
Current tax assets	9	246,147	210,449
Deferred tax assets	10	248,072	303,839
Accruals, prepayments and sundry assets	11	1,714,717	1,533,392
Non-curent assets held for sale	28	2,755,578	0
Deferred profit-sharing		0	286,351
Equity method investments	12	107,028	106,854
Investment property	13	473,888	480,150
Property, plant and equipment	14	272,702	276,306
Intangible assets	15	319,578	327,973
Goodwill	16	422,951	422,951
Total assets		90,899,508	83,978,584
Liabilities	Notes	12.31.2012 IFRS	12.31.2011 IFRS
Due to central banks	17	0	0
Financial liabilities at fair value through profit or loss	18	735,622	456,330
Derivatives used for hedging purposes	3	527,940	419,973
Due to banks	17	1,339,737	2,607,012
Customer accounts	19	30,215,322	26,727,704
Debt securities	20	19,531,952	20,857,635
Remeasurement adjustment on interest-rate risk hedged portfolios		(1,262)	4,647
Current tax liabilities	9	92,499	121,744
Deferred tax liabilities	10	84,390	30,125
Accruals, deferred income and sundry liabilities	21	2,101,169	2,033,002
Liabilities associated with non-current assets held for sale	28	2,642,865	0
Insurance companies' technical reserves	22	28,200,722	25,614,737
Provisions	23	285,988	213,394
Subordinated debt	24	417,578	846,388
Total equity		4,724,986	4,045,893
Shareholders' equity, group share		4,720,685	4,015,896
• Share capital and reserves	25	2,023,812	1,556,616
• Consolidated reserves	25	2,497,830	2,285,400
• Gains and losses recognised directly in equity	26	30,935	(116,276)
• Net income		168,108	290,156
Minority interests		4,301	29,997
Total liabilities		90,899,508	83,978,584

STATEMENTS AT DECEMBER 31, 2012

INCOME STATEMENT

In thousands of euros

	Notes	12.31.2012 IFRS	12.31.2011 IFRS
Interest and similar income	31	2,355,034	2,195,968
Interest and similar expense	31	(1,751,112)	(1,498,205)
Fee and commission income	32	500,209	523,385
Fee and commission expense	32	(105,260)	(124,406)
Net gain (loss) on financial instruments at fair value through profit or loss	33	27,152	(14,668)
Net gain (loss) on financial instruments available-for-sale	34	22,131	24,384
Income from other activities	35	4,571,509	4,196,580
Expense from other activities	35	(3,952,196)	(3,598,272)
Net banking income		1,667,467	1,704,766
General operating expenses	36	(1,137,960)	(1,093,480)
Depreciation, amortisation and impairment of property, plant and equipment and intagible assets	37	(123,553)	(96,863)
Gross operating income		405,954	514,423
Cost of risk	38	(115,843)	(111,371)
Operating income		290,111	403,052
Share of earnings of companies carried under equity method	12	3,358	5,406
Net income on other assets	39	(397)	(3,064)
Goodwill variations		0	0
Pre-tax income		293,072	405,394
Income tax	40	(124,235)	(113,309)
After-tax income from discontinued or held-for-sale operations		0	0
NET INCOME		168,837	292,085
O/w Minority interests		729	1,929
Net income - group share		168,108	290,156

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

In thousands of euros

	Notes	12.31.2012 IFRS	12.31.2011 IFRS
Net income		168,837	292,085
Translation differences		0	0
Revaluation of available-for-sale financial assets		191,514	(57,988)
Revaluation of derivative hedging instruments		(2,583)	(7,535)
Revaluation of non-current assets		0	0
Actuarial gains and losses on defined-benefit plans		(33,668)	0
Gains and losses recognised directly in equity for companies accounted for by the equity method		(3,184)	733
Total gains and losses recognised directly in equity	41	152,079	(64,790)
Net income and gains and losses recognised directly in equity		320,916	227,295
O/w group share		319,696	226,643
O/w minority interests		1,220	652



CHANGE IN SHAREHOLDERS'EQUITY

In thousands of euros

	Share Capital	Reserves	Total gains and losses recognised directly in equity	Net income, group share	Total equity, group share	Minority interest in equity	Total equity
Position at 1 January 2011	1,283,044	2,100,259	(52,766)	273,324	3,603,861	173,092	3,776,953
Capital increase	268,666				268,666		268,666
Elimination of own shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year income		273,324		(273,324)	0		0
Dividend paid in 2011 in respect of 2010		(32,110)			(32,110)	(6,775)	(38,885)
Subtotal of movements related to relations with shareholders	1,551,710	2,341,473	(52,766)	0	3,840,417	166,317	4,006,734
Changes in gains and losses recognised directly in equity			(63,510)		(63,510)	(1,276)	(64,786)
2011 net income				290,156	290,156	1,929	292,085
Subtotal	1,551,710	2,341,473	(116,276)	290,156	4,067,063	166,970	4,234,033
Impact of acquisitions and disposals on minority interests		(45,619)			(45,619)	(136,830)	(182,449)
Share of changes in shareholders' equity of equity method associates and joint ventures		552			552		552
Change of accounting methods		140			140	31	171
Other changes		(6,240)			(6,240)	(174)	(6,414)
Position at 31 December 2011	1,551,710	2,290,306	(116,276)	290,156	4,015,896	29,997	4,045,893
Capital increase	467,196				467,196		467,196
Elimination of own shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year income		290,156		(290,156)	0		0
Dividend paid in 2012 in respect of 2011		(37,242)			(37,242)	(2,913)	(40,155)
Subtotal of movements related to relations with shareholders	2,018,906	2,543,220	(116,276)	0	4,445,850	27,084	4,472,934
Changes in gains and losses recognised directly in equity			151,588		151,588	501	152,089
2012 net income				168,108	168,108	729	168,837
Subtotal	2,018,906	2,543,220	35,312	168,108	4,765,546	28,314	4,793,860
Impact of acquisitions and disposals on minority interests		(7,172)			(7,172)	(23,897)	(31,069)
Share of changes in shareholders' equity of equity method associates and joint ventures		652			652		652
Change of accounting methods		(5,232)	(4,377)		(9,609)	(10)	(9,619)
Other changes (1)		(28,732)			(28,732)	(106)	(28,838)
Position at 31 December 2012	2,018,906	2,502,736	30,935	168,108	4,720,685	4,301	4,724,986

(1) The item “Other changes” corresponds mainly to the correction of an error involving Financo (details in the section “Changes in accounting method and correction of error”).



**CASH FLOW STATEMENT**

In thousands of euros

<b>Cash flows from operating activities</b>	<b>12.31.2012</b>	<b>12.31.2011</b>
Net income	168,837	292,085
Income Tax	124,235	113,309
<b>Pre-tax income</b>	<b>293,072</b>	<b>405,394</b>
+/- Amortisation and depreciation of property, plant and equipment and intangible assets	119,039	94,092
- Depreciation and impairment of goodwill and other fixed assets	1,548	1,339
+/- Net additions to depreciations	2,754,550	62,684
+/- Share of earnings of companies carried under equity method	(3,358)	(5,267)
+/- Net loss/(gain) from investing activities	(1,815)	(7,577)
+/- Net loss/(gain) from financing activities	0	0
+/- Other movements without cash flows	326,577	(77,852)
<b>Total non-cash items included in net income and other adjustments</b>	<b>3,196,541</b>	<b>67,419</b>
+/- Interbank and money market items	2,717,980	(5,612,961)
+/- Customer items	2,861,490	(822,594)
+/- Other financial items	(5,220,280)	6,689,430
+/- Other non-financial items	(99,179)	240,687
- Taxes paid	(139,091)	(74,439)
<b>Increase/(decrease) in operating assets/liabilities</b>	<b>120,920</b>	<b>420,123</b>
<b>CASH FLOWS from operating activities</b>	<b>3,610,533</b>	<b>892,936</b>
<b>Cash flows from investing activities</b>		
+/- Financial investments	(159,928)	3,740
+/- Investment property	(11,739)	(47,791)
+/- Plant, equipment and intangible assets	(125,821)	(123,434)
<b>CASH FLOWS from investing activities</b>	<b>(297,488)</b>	<b>(167,485)</b>
<b>Cash flows from financing activities</b>		
Cash flows from/(to) the shareholders	448,395	231,420
Other cash flows from financing activities	(435,387)	0
<b>CASH FLOWS from financing activities</b>	<b>13,008</b>	<b>231,420</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,326,053</b>	<b>956,871</b>
Cash flows from operating activities	3,610,533	892,936
Cash flows from investing activities	(297,488)	(167,485)
Cash flows from financing activities	13,008	231,420
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,800,149</b>	<b>843,278</b>
<b>Cash and cash equivalents, end of the year</b>	<b>5,126,202</b>	<b>1,800,149</b>
<b>Change in net CASH and CASH equivalents</b>	<b>3,326,053</b>	<b>956,871</b>

**THE CASH FLOW** statement is presented using the indirect method.

Net cash and cash equivalents includes cash, debit and credit balances with central banks and demand debit and credit sight balances with banks.

Changes in cash from operations record the cash flow generated by the group's lines businesses including such flows arising from negotiable debt securities.

Changes in cash from financing activities include changes related to shareholders' equity, subordinated debt and bonds.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2012

## MAJOR EVENTS

**In 2012, the financial sector environment was marked by weak economic growth, volatile financial markets and the growing regulatory and tax constraint pressures.**

In this challenging environment, Crédit Mutuel Arkéa group maintained its sales momentum while strengthening its balance sheet ratios.

The group maintained its conservative refinancing policy and completed its entire medium- and long-term funding program planned for the year within the first six months of 2012. Last year, as part of its EMTN program, Crédit Mutuel Arkéa raised €750 million at five years and €620 million at 18 months to two years.

In anticipation of the new Basel III regulatory framework, the group repurchased a portion (€135 million) of its deeply subordinated notes in the second quarter.

The group also repurchased all of its redeemable subordinated notes totaling €297 million.

With Banque Privée Européenne scheduled to be sold soon in accordance with a sale agreement finalized in December 2012, IFRS 5 “Non-current assets held for sale and discontinued operations” was applied to the corresponding items. The planned disposal concerns BPE’s assets and liabilities with the exception of those related to the “wealth management” activity performed in the group’s historical regions.

The consolidation scope reflects the increased ownership stakes in certain subsidiaries (CFCAL, now 100%-owned, and Schelcher Prince Gestion, now 85%-consolidated).

Finally, Financo’s credit risk provisioning system was completely overhauled during the year. The recognition of this correction in the financial statements affected the group’s net assets at the beginning of the period.



ACCOUNTING STANDARDS APPLIED

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its interim consolidated financial statements for the period ending December 31, 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date. These statements are presented in accordance with CNC recommendation 2009-R.04.

As of December 31, 2012, the group is subject to the amendment to IFRS 7, applicable as of January 1, 2012, concerning disclosures about financial asset transfers. Complementary information was added to note 42.

In addition, the group decided not to apply optional new standards and interpretations adopted by the European Union when application is optional in 2012. These standards and interpretations are presented in the following table:

IAS/IFRS Standards	Topic	Application date	Impact of application
IAS 1 Amendment	Detailed presentation of OCI	01.01.2013	Limited to the net income statement and gains and losses recorded directly in equity
IFRS 7 Amendment	Offsetting of financial assets and liabilities	01.01.2013	These amendments will lead to the addition of quantitative information by type of financial instrument in order to supplement the Notes to the consolidated financial statements
IAS 32 Amendment	Offsetting of financial assets and liabilities	01.01.2014	
IFRS 10/11/12 IAS 28	Standards related to the consolidation and financial information of unconsolidated entities	01.01.2014	The application of these new standards should result primarily in additional financial information being provided in the notes to the financial statements
IFRS 13	Fair-value measurement	01.01.2013	Limited
IAS 19	Employee benefit commitments	01.01.2013	The amendment of this standard will have as its primary impacts: - a change in the return on assets (impact assessed at (1) million euros for 2012) - immediate recognition of vested past service costs (impact assessed at 1 million euros in 2012) - the reclassification of certain short-term benefits as long-term benefits (impact not assessed for 2012)

CHANGES IN ACCOUNTING METHOD AND CORRECTION OF ERROR

Since January 1, 2012, the group has made the following changes to its accounting methods:

- use of the SORIE method for the recognition of actuarial differences in post-employment benefits.
- non-elimination of bonds issued by Crédit Mutuel Arkéa and subscribed by its life insurance subsidiary for the benefit of unit-linked contracts.
- The provision calculation method for credit risk at Financo.



Use of the SORIE method for the recognition of post-employment benefits.

Up until December 31, 2011, Crédit Mutuel Arkéa group recognised actuarial differences in income for the period in which they were incurred. In order to provide information more in line with the principles applied by other companies, Crédit Mutuel Arkéa group has decided to record them entirely in “gains and losses recognised directly in equity.” This method is applied in a permanent, consistent manner for all retirement plans as of January 1, 2012.

This change in accounting method is treated in accordance with the provisions of IAS 8 and applied retrospectively.

The impacts of the change in accounting method are presented in the table below :

	in thousands of euros	
	12. 31.2011 pro forma	12. 31.2011
Balance sheet		
Shareholders' equity, Group share	4,015,896	4,015,896
• Consolidated reserves	2,295,947	2,285,400
• Gains and losses recognised directly in equity	(120,651)	(116,276)
	12. 31.2011 pro forma	12. 31.2011
Income statement		
General operating expenses	(1,102,891)	(1,093,480)
Income tax	(110,069)	(113,309)
Net income	285,914	292,085
Other comprehensive income statement		
Actuarial differences on defined benefit plans	6,171	0
Total gains and losses recognised directly in equity	(58,619)	(64,790)
Net income and net gains and losses recognised directly in equity	227,295	227,295





Non-elimination of bonds issued by Crédit Mutuel Arkéa and subscribed by its life insurance subsidiary for the benefit of unit-linked contracts.

The technical provisions related to unit-linked policies are valued using the market value or equivalent for the underlying assets of these policies. Therefore, the continued recognition of securities in the life insurance company's assets in an amount commensurate with the technical provisions of the corresponding

policies makes it possible to show the assets-and-liabilities matching of unit-linked life insurance activities.

This exceptional treatment represents a deliberate change in accounting method and is handled in accordance with the provisions of IAS 8 and applied retrospectively.

The impacts of the change in method are presented in the table below:

	in thousands of euros	
	12. 31.2011 pro forma	12. 31.2011
Balance sheet		
Financial assets at fair value through profit and loss	7,593,986	7,239,531
Deferred tax assets	308,890	303,839
Debt securities	21,226,761	20,857,635
Shareholders' equity	4,006,276	4,015,896
• Consolidated reserves	2,281,332	2,285,400
• Net Income	284,604	290,156
	12. 31.2011 pro forma	12. 31.2011
Income statement		
Interest and similar expense	(1,507,902)	(1,498,205)
Net gain (loss) on financial instruments at fair value through profit or loss	(13,438)	(14,668)
Income tax	(110,394)	(113,309)
Net income	286,533	292,085

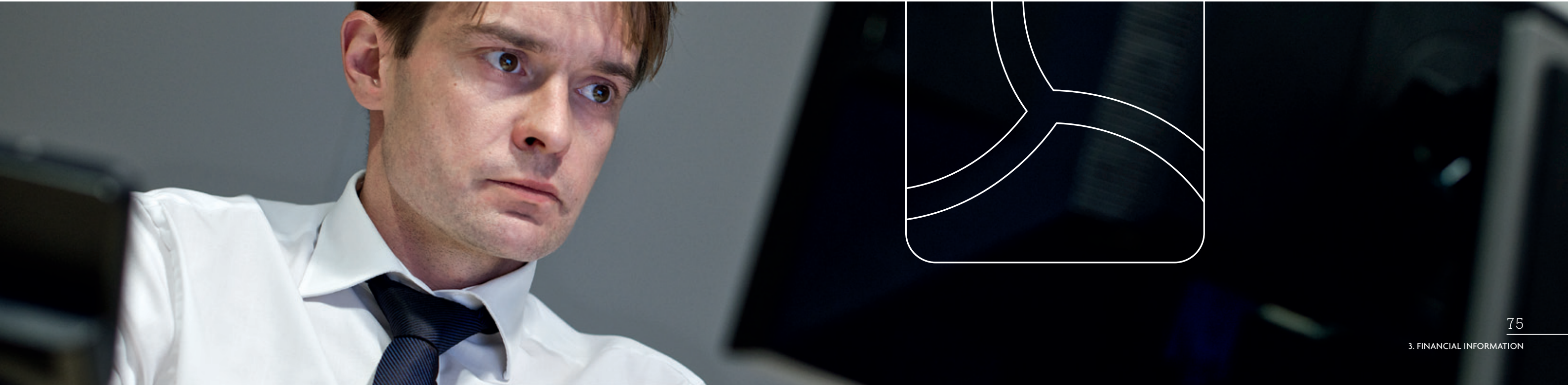
CORRECTION OF ERROR ON THE PROVISION CALCULATION METHOD FOR CREDIT RISK AT FINANCO

The preparation of the 2012 consolidated financial statements reflects the correction of an error involving the provision calculation method for individual credit risk at Financo, specifically one of the variables used in the model, i.e. the length of the collection period for doubtful loans and receivables.

This led to the amount of provisions for credit risk being underestimated in previous years by a total amount of 54 million euros.

In accordance with IAS 8, the correction of this error was applied retrospectively and had a negative impact presented in the table below:

	in thousands of euros	
	12. 31.2011 pro forma	12. 31.2011
Balance sheet		
Loans and receivables due from customers	39,726,822	39,780,410
Deferred tax assets	229,786	210,449
Deferred tax liabilities	30,973	30,125
Equities	4,010,794	4,045,893
• Net income	288,674	290,156
• Reserves	2,251,783	2,285,400
	12. 31.2011 pro forma	12. 31.2011
Income statement		
Interest and similar expense	2,195,726	2,195,968
Cost of risk	(113,448)	(111,371)
Income tax	(112,472)	(113,309)
Net income	290,603	292,085





## ACCOUNTING PRINCIPLES AND EVALUATION METHODS

### Use of judgments and estimates in the preparation of financial statements

Preparation of the group's financial statements requires that we make assumptions and estimates whose future realisation involves certain risks and uncertainties. Accounting estimates requiring the use of assumptions are used primarily for measuring the following:

- fair value of financial instruments not quoted on an active market and measured at fair value,
- permanent impairment of financial assets classified as "available-for-sale,"
- impairment of loans and receivables,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

The conditions for using any judgments or estimates are specified in the accounting principles and valuation methods described below.

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

Financial assets and liabilities at fair value are divided into those held for trading and those assigned to this category under the option afforded by IAS 39. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:

- hybrid instruments containing one or more embedded derivatives,
- groups of assets or liabilities measured and managed at fair value,
- substantial elimination or reduction of an accounting treatment inconsistency.

The Crédit Mutuel Arkéa group uses this option to record the following financial instruments at fair value through profit or loss:

- investments serving as cover for unit-linked life insurance contracts in order to eliminate the inconsistency in accounting treatment with the related insurance liabilities,
- shares of mutual funds in which the group holds a total of over 20%,
- certain structured or restructured products (CDOs, convertible bonds),
- issues of liabilities originated and structured on behalf of clients whose risks and any hedging thereof are managed as part of the same whole.

Unless they qualify for hedge accounting, derivative financial instruments are by default classified as trading instruments.

Since January 1, 2012, financial assets representative of unit-linked insurance contracts include bonds issued by group entities that have not been eliminated through consolidation, in order to maintain the matching of technical provisions on unit-linked contracts with the fair value of the identified assets, which are themselves recognised at fair value. Not eliminated fixed-income securities totaled 454 million euros as of December 31, 2012, compared with 349 million euros as of December 31, 2011. The net impact of their elimination would have been a loss of (48) million euros as of December 31, 2012.

Initially, financial assets or liabilities at fair value through profit or loss are recognised at their fair value excluding acquisition costs and including accrued coupons. At the balance sheet date, they are measured at fair value and changes in fair value are recorded in the income statement for the period under the heading "net gain (loss) on financial instruments at fair value through profit or loss."

Dividends from variable-income securities and the gains or losses realised on such securities are also recorded in the income statement heading "net gain (loss) on financial instruments at fair value through profit or loss."



Accrued or earned income from fixed-income securities belonging to this category is recorded in the profit and loss account under the heading "Net gain (loss) on financial instruments at fair value through profit or loss". No impairment is recognised on the assets at fair value through profit or loss as the counterparty risk is included in the market value.

### EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.

This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit or loss when the following three conditions are met:

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realised and unrealised gains and losses are recognised on the income statement under "Net gain (loss) on financial instruments at fair value through profit or loss".

### Derivative financial hedging instruments – assets and liabilities

To classify a financial instrument as a hedging derivative, the group prepares formalised documentation of the hedging transaction at inception: hedging strategy, designation of the instrument hedged (or the portion of the instrument), nature of the risk hedged, designation of the hedging instrument, procedures for measuring the effectiveness of the hedging relationship. According to this documentation, the group assesses the

effectiveness of the hedging relationship at inception and at least every six months. A hedging relationship is deemed to be effective if:

- the ratio between the change in value of the hedging derivatives and the change in value of the hedged instruments for the risk hedged lies between 80% and 125%,
- the changes in value of the hedging derivatives expected over the residual term of said derivatives offset those expected from the hedged instruments for the risk hedged.

The group designates a derivative financial instrument as a hedging instrument in a fair value hedge or in a cash flow hedge based on the nature of the risk hedged.

### Fair value hedging:

The goal of fair value hedging is to reduce the risk of a change in fair value of a financial transaction. Derivatives are used notably to hedge the interest rate risk on fixed-rate assets and liabilities.

With respect to fair value hedging transactions, the change in fair value of the derivative is recorded in the profit and loss account under the heading "gain (loss) on financial instruments at fair value through profit or loss" in symmetry with the revaluation of the hedged transaction. The only impact on the profit and loss statement is the potential ineffectiveness of the hedge.

The goal of the derivative financial instruments used as macro-hedging transactions is to hedge comprehensively all or part of the structural rate risk resulting primarily from retail banking operations. For the accounting treatment of such transactions, the group applies the depreciations contained in IAS 39 adopted by the European Union (called the IAS 39 "carve-out").





The accounting treatment of derivative financial instruments designated from an accounting standpoint as fair value macro-hedging is the same as the accounting treatment for derivatives used in fair value micro-hedging. The change in the fair value of portfolios hedged against interest rate risk is recorded in a separate line of the balance sheet entitled “Remeasurement adjustment on interest-rate risk hedged portfolios” with an offsetting entry recorded in the income statement. The effectiveness of hedges is checked prospectively by verifying that at inception derivatives reduce the interest rate risk of the hedged portfolio. Retrospectively, hedges must be discontinued when the underlyings to which they are linked become insufficient.

#### **Cash flow hedging:**

The goal of cash flow hedging is to reduce the risk related to a change in future cash flows from financial instruments. Derivatives are used notably to hedge the interest rate risk on adjustable rate assets and liabilities.

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity “Gains and losses recognised directly in equity” while the ineffective portion is recognised in the profit and loss account under the heading “Net gain (loss) on financial instruments at fair value through profit or loss.”

As long as the hedge is effective, the amounts recorded in equity are transferred to the profit and loss account under “interest and similar income (expense)” synchronised with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or if it becomes ineffective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under “interest and similar income (expense)” at the same time as the hedged transaction itself impacts the profit and loss account, or when it has been determined that such transaction will not take place.

The group does not hedge net investments in foreign operations.

#### **Available-for-sale financial assets**

IAS 39 defines available-for-sale financial assets (AFS) as a category containing both fixed and variable income securities that are neither financial assets at fair value through profit or loss, nor financial assets held to maturity, nor loans.

Available-for-sale securities are recognised initially at their fair value i.e. the purchase price, including acquisition costs - if they are material – and accrued coupons. On the balance sheet date, such securities are measured at their fair value through equity “Gains and losses recognised directly in equity”.

Such unrealised gains or losses recognised in equity are only recognised in the income statement if the securities are disposed of or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognised in the profit and loss account under the heading “interest and similar income” according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognised in the income statement under the heading “Net gain (loss) on financial instruments available-for-sale.”



## IMPAIRMENT OF SECURITIES

Impairment is recorded when objective signs of a decline in the value of securities exist. Objective signs of impairment are evidenced by a long-term, material decline in the value of equity shares or by the appearance of a material decline in credit risk due to default risk on debt securities.

In the case of variable-income securities, the group employs a quantitative criterion to identify material and long-term declines:

i m p a i r m e n t i s recognised when a security has lost at least 50% of its value compared with its initial cost or over a period of more than 24 consecutive months. Analysis is performed line by line. Securities that do not meet the criteria mentioned above are assessed for impairment all the same when Management does not believe that the sum invested can be reasonably expected to be collected in the near future. The loss is recognised in the income statement under "Net gain (loss) on financial instruments available-for-sale"

In the case of on debt securities, impairment is recorded in "Cost of risk," and may be written back through profit when the market value of the security has increased due to some objective event that has taken place since the last time it was written down.

### Measurement of fair value of financial Instruments

Financial assets and liabilities classified as "at fair value through profit or loss", "financial assets available-for-sale" and hedging derivatives are measured and recognised at their fair value, both upon initial recognition and at each subsequent measurement date.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Initially, fair value is usually the price paid or received.

Financial instruments are furthermore broken down into three categories, corresponding to the degree of observability of the values and parameters used for their valuation.

**Category 1:** financial instruments whose fair value is calculated using prices quoted

on active markets for identical assets or liabilities

A financial instrument is said to be quoted on an active market if quoted prices are readily and regularly available and if those prices represent actual and regularly occurring market transactions, under normal competitive conditions.

This category includes notably equities, bonds and shares of mutual funds listed on an active market.

**Category 2:** financial instruments whose fair value is calculated using data other than quoted prices that are observable either directly or indirectly

In the absence of any such quotation, fair value is determined using "observable" market data. These valuation models are based on techniques widely used by market operators, such as the discounting of future cash flows for swaps or the Black & Scholes model for options.

This category includes notably the following financial instruments:

- highly illiquid bonds,
- swaps and options products,
- structured products.

Complex products (structured interest rate and credit products, such as CDOs) are measured twice, using specific applications and the services of specialised independent appraisers.

**Category 3:** financial instruments whose fair value is calculated using data on assets or liabilities that are not based on observable market data

Valuation methods using unobservable market data are used only in the following cases:

- venture capital business
- equity securities not traded on an active market.

Equity investments that are not listed on an official market are measured internally, or using a valuation provided by Confédération Nationale du Crédit Mutuel when companies are jointly held with other Crédit Mutuel group entities. In most cases, these holdings are measured on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

Given the diversity of the instruments valued and the reasons for their inclusion in this category, any calculation of the sensitivity of the fair value to changes in parameters would not provide relevant information.

The valuations provided by the models are adjusted to reflect liquidity risk: using the valuations produced on the basis of a median market price, prices are adjusted to reflect the net position of each financial instrument at the bid or ask price (on selling or buying positions, respectively).

The day-one profit, i.e. the difference between the transaction price and the valuation of the instrument using valuation techniques, is null: transactions carried out by the group for its own account are recognised at their fair value. Transactions carried out on behalf of customers generate a premium, which is recognised as revenue at inception.

**Fair value of financial instruments not recognised on the balance sheet on the basis of this method.**

Two methods are used to measure customer loans and receivables and customer deposits:

- the fair value of fixed-rate items, such as fixed-rate loans and deposits, is measured by discounting the expected future cash flows;
- the fair value of variable-rate items, such as adjustable-rate loans, maturing in over one year is measured using the Black & Scholes model.

Three methods are used to value other market instruments:

- listed financial assets held to maturity are valued using Reuters quotes, updated daily
- the market value of traditional fixed-rate loans, borrowings, debt securities and fixed-rate subordinated debt is obtained by discounting future cash flows
- the market value of loans, borrowings, debt securities and variable-rate subordinated debt is obtained by discounting future cash flows with calculation of a forward rate.

Signature cost of the group is included in the rate curve held for the valuation of debt securities and subordinated debt.

The nominal value of short-term receivables and debt (under one year) is used for their fair value.







### Held-to-maturity financial assets

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the group intends and is able to hold to maturity.

Initially, they are recognised at their acquisition price including acquisition costs – when material – and accrued coupons. On the balance sheet date, they are valued according to the amortised cost method at the effective interest rate and may be the subject of impairment when necessary.

### Exposure to sovereign debt risk

#### Net direct exposure to Greek sovereign debt risk:

As of December 31, 2011, only two group subsidiaries, Suravenir and Suravenir Assurances, held Greek sovereign debt securities.

In the first half of 2012, Suravenir sold all of these securities, while Suravenir Assurances tendered all of its Greek sovereign debt securities to the Greek government's exchange offer before selling them in the second half of 2012.

The impact of these operations amounted to (0.2) million euros before tax, recorded in the cost of risk and a net income of 0.2 million euros before tax recorded in the net banking income.

#### Net direct exposure to Portuguese and Irish sovereign debt risk:

in millions of euros		
	Portugal	Ireland
Assets at fair value through profit or loss	0.00	0.00
Available-for-sale assets	0.00	22.13
Held-to-maturity assets	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>22.13</b>
Gains and losses recognised directly in equity	0.00	1.13

Net exposure corresponds to the value of the securities on the balance sheet, net of the amortisation of any premiums/ discounts and any write-downs of the securities and including the impact of any coverage. The net exposure of the insurance business is presented for information purposes only, as it is the product of a theoretical calculation that takes account of the deferred profit-sharing mechanisms specific to life insurance.

### Loans and receivables due from financial institutions and customers

“Loans and receivables” are financial assets with fixed or determinable payments that are not quoted on an active market. All loans and receivables owed to Crédit Mutuel Arkéa group by financial institutions and customers that are not intended for sale when extended are recognised in the “loans and receivables” category.

Initially, they are recognised at market value which is usually the net amount initially paid out including the transaction costs directly attributable to the transaction and fees analysed as an adjustment to the effective yield of the loan. On the balance sheet date, loans and receivables are valued at amortised cost. Interest, transaction costs, and fees included in the initial value of the loans are amortised over the life of the loan in proportion to the outstanding principal balance. In this manner they contribute to the formation of income over the life of the loan.

Fees received in connection with financing commitments that have a low probability of being drawn or which are used haphazardly over time and in terms of amount are spread on a straight-line basis over the term of the commitment.

### Impairment of loans and receivables

#### Receivables written-down on an individual basis

Recorded in the cost of risk, impairment losses are recognised on all kinds of receivables, even those with guarantees, once there is an established credit risk corresponding to one of the following situations:

- there have been one or more delinquent payments lasting at least three months (six months for loans to homebuyers and takers of property leases, nine months for loans to local governments, owing to the specific characteristics of these credits);
- the position of a counterparty presents characteristics such that even if there has been no delinquency, we can conclude that there is an established risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganisation/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy, liquidation of property, including assignments in an international court.

The classification of the outstandings of any given counterparty as impaired leads by contagion to an identical classification of all those counterparty's assets and liabilities, and this irrespective of the existence of guarantees or collateral. This contagion extends to all of the other members of the same household (except minors) as well as all counterparties belonging to the same risk group.

The loss due to impairment is the difference between amortised cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans.

In practice, future flows are discounted only if the impact of discounting is material compared to their amounts estimated conservatively. As a result, only the depreciations on disputed receivables have been discounted. In the income statement, impairment loss movements are recorded under the heading “cost of risk” except for the add-backs for the effects of the reversal of discounting, which are recorded under “Interest and similar income”.

#### Receivables written-down on a collective basis

Loans that are not impaired on an individual basis are grouped together based on their level of credit risk in order to form homogenous groups. The method for calculating group impairment is based primarily on the standards for measuring risks implemented as part of the Basel II reform, which entails recording depreciations for the classes of risk corresponding to the highest probabilities of default. It takes into account the recalibration of the algorithms requested by the Autorité de contrôle prudentiel as part of the Basel II certification.

Furthermore, Crédit Mutuel Arkéa may be led to establish an additional collective reserve to cover the credit risk of a given economic sector or geographic region that is not covered by any individual impairment provisions.

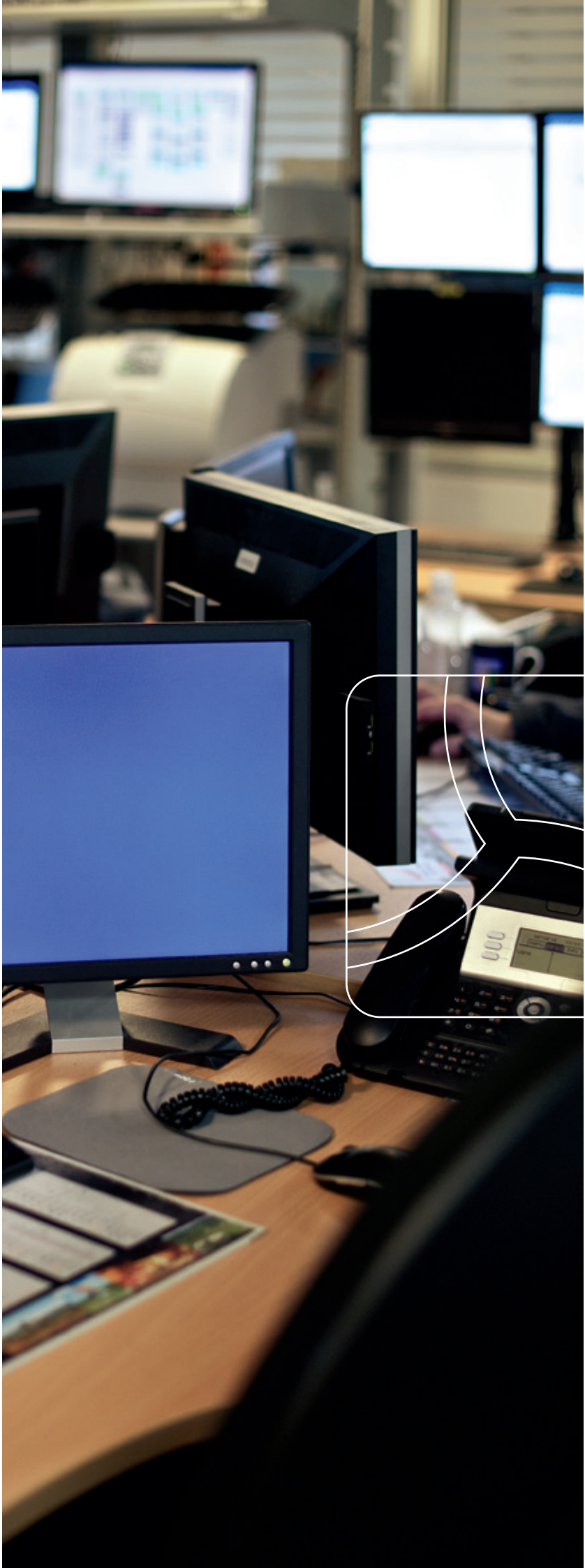
### Customer finance leases

Leasing operations are classified as finance leases when they transfer to the lessee substantially all the risks and rewards incidental to the ownership of the leased property. When this is not the case, leasing operations are classified as operating leases.

Finance leases are posted at the face of the balance sheet at the amount corresponding to the value of the minimum payments receivable from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the rental payments is recorded on the income statement under the heading “interest and similar income.”







**Property, plant and equipment, intangible assets and investment property**

Pursuant to IAS 16, IAS 38 and IAS 40, property, plant and equipment or investment property is recognised as an asset if:

- it is likely that the future economic rewards from this asset will belong to the enterprise and
- the cost of said asset can be measured reliably.

Pursuant to IAS 40, the group’s property is classified as “investment property” when it is held primarily to earn rentals or for capital appreciation. Property held primarily to be occupied by the group for administrative or sale uses is classified as “property, plant and equipment.”

Property, plant and equipment and investment property are recorded on the balance sheet at cost plus expenses that can be directly attributable to the purchase of the property (e.g. transfer duties, fees, commissions, legal fees).

After initial recognition, property, plant and equipment and investment property

are valued at cost minus accumulated depreciation and amortisation and any impairment losses.

**The method used to account for internally developed software is as follows:**

- all software-related expenditures that do not satisfy the conditions for capitalisation (notably preliminary research and functional analysis expenses) are recognised as expenses;
- all software expenditures incurred after the start of the production process (detailed analysis, development, validation, documentation) are capitalised.

If one or more components of property, plant and equipment or investment property have a different use or earn economic rewards at a different pace than that of the property, plant and equipment or investment property as a whole, said components are depreciated according to their own useful life. The group applied this accounting method for “Property, plant and equipment” and “Investment property”. The following components and amortisation periods have been adopted by the group:

Component	Amortisation period
Land	Not amortised
Structural works	Head offices and investment property: 50 years Agencies: 25 years
Non-structural works	25 years
Plant and Equipment	20 years
Fixtures and fittings	3 to 10 years

The other tangible and intangible assets are depreciated according to their own useful life:

	Amortisation period
Furnitures	10 years
Computer equipment	3 to 5 years
Self-produced and acquired software	2 to 5 years
Portfolio of customer contracts acquired	6 to 13 years

In cases where the software is used in connection with a commercial contract the amortisation period may exceed five years, and is defined in terms of the contract period.

Amortisation is calculated using the straight-line method. For tangible and intangible non-current assets, amortisation is recorded on the income statement under the heading “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”. For investment property, they are recorded under the heading “expense from other activities.”

Indefinite-life assets are not depreciated but are the subject of impairment tests at least once a year.

Insofar as concerns goodwill, if the recoverable amount of the related cash-generating unit is less than its carrying amount, an irreversible provision for impairment loss of goodwill is recognised. The impairment loss is equal to the difference between the carrying amount and the recoverable amount. The recoverable amount is calculated by applying the most appropriate valuation method at the level of the cash-generating unit.

Most valuations are performed using the discounted cash flow (DCF) method. This method employs assumptions about projected revenue streams and expenses on the basis of medium-term plans, extrapolated to infinity using discounted growth rates.

The cash flows used are determined on the basis of each cash generating unit’s business plans made over a specific horizon of between four and five years. The discount rates used correspond to the cost of capital determined using the capital asset pricing model. This method is based on risk-free interest rate to which a risk premium is added that depends on the underlying activity of the corresponding CGU. The discount rates used in 2012 range between 9.48% and 10.48% while the growth rates to infinity are between 2% and 2.75%.

In addition, sensitivity tests are performed to measure the impact on the recoverable

amount of changes in certain assumptions such as the discount rate or the growth rate to infinity. These measures led to the following results:

- a 25 basis point increase in the discount rate would result in a 2.9% overall reduction in the recoverable amounts without precipitating any impairment of a cash generating unit;
- a 25 basis point decrease in the growth rate to infinity would result in a 2.8% overall reduction in the recoverable amounts without precipitating any impairment of a cash generating unit.

Gains or losses on the disposal of property, plant and equipment are recorded in the income statement under the heading “net income on other assets” while net gains and losses on the disposal of investment property are recorded under the heading “income or expense from other activities.”

**Non-current assets held for sale**

A non-current asset (or group of assets) satisfies the criteria for assets held for sale if it is available for sale and if the sale is highly likely to occur within 12 months.

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 recorded at the lower of their carrying amount and fair value less costs to sell, and are no longer amortised.

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

Discontinued operations include operations which are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. They are shown separately in the income statement, on the line “After-tax income (loss) from discontinued operations.”



## AMOUNTS OWED TO FINANCIAL INSTITUTIONS AND CUSTOMERS

At inception, amounts owed to financial institutions and customers are recognised at fair value, which normally is the net amount received initially minus transaction costs that can be directly assigned to the transaction when they are significant. On the balance sheet date, such amounts are valued at their amortised cost according to the effective interest rate method.

By nature, regulated savings products earn interest at the market rate. Housing savings plans and housing savings accounts are the subject to a provision when necessary.

Accrued interest or interest due on amounts due to financial institutions and customers are recorded on the income statement under the heading "Interest and similar expense."

### Debt securities

Liabilities in the form of securities issued are broken down by type of security (certificates of deposit, interbank market securities and negotiable debt securities, bond issues and similar) except for subordinated debt securities which are classified as subordinated debt.

Initially, they are recognised at fair value i.e. at their issue price less any transaction costs that can be directly related to the transaction when they are significant. On the balance sheet date, said amounts are valued at amortised cost according to the effective interest rate method. Accrued interest or interest due on debt securities represented by a certificate are recorded in the income statement under the "Interest and similar expense."

### Provisions

The group's obligations for which it is probable that an outflow of resources will become necessary to settle them and whose amount or due date are uncertain but which may be estimated reliably are the subject of

provisions. In particular, such provisions cover labor-related commitments, home savings product risks, disputes and liability guarantees.

### Pension commitments

Pension schemes can be defined-contribution plans and defined-benefit plans. Defined contribution plans do not give rise to an obligation for the group and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense, recorded in « personnel expenses ». Only defined benefit schemes give rise to an obligation for the group. This obligation must be measured and recognised as a liability by means of a provision. These pension commitments are fully provisioned in the balance sheet under "Provisions". Retirement benefits and work medals are recorded in this same account.

The group's obligation is calculated with the projected unit credit method, using demographic, workforce turnover, salary increase, discount and inflation rates. Specifically, the calculations use a discount rate of 2.76% in December 2012 (this rate is determined by reference to the iBoxx corporate AA 10+ euro zone index based on corporate bonds). The calculations also include an employee turnover rate of between 0.52% and 5.35% and a salary increase rate of between 1.21% and 2.00%. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the phase during which the commitment is being constituted and the TGH05 and TGF05 life expectancy tables for the phase during which pensions are paid out.

Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results.

For long-term benefits, differences are recognised immediately in the income statement for the year and not spread over the employees' residual employment period.

As for post-employment benefits, since January 1, 2012 Crédit Mutuel Arkéa recognises actuarial differences shown through profit and loss directly in equity and no longer on the income statement.

### Provisions for home savings accounts and plans

The purpose of the home savings provision is to cover the risks related to:

- the commitment to extend home loans to account holders and subscribers of home savings plans at a mandated interest rate that could be lower than the prevailing market rate.
- the obligation to pay interest for an indeterminate period of time on the savings in home savings plans at a rate set when the contract is signed (this rate can be higher than future market rates).

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all the home savings accounts (which are a single generation). The commitments between different generations are not offset. The commitments are computed based on a model that factors in:

- historical data on subscriber behavior,
- the yield curve and a stochastic modeling of changes thereto.

Provision allocations and write-backs are recognised in the profit and loss account under "Interest and similar income" and "Interest and similar expense".

### Subordinated debt

Subordinated debt are definite or indefinite term debt that may or may not be represented by a certificate and which differ from receivables or bonds because repayment will take place only in the event of the liquidation of the debtor and after all the secured creditors have been paid. They are valued according to the amortised cost method. The accrued interest or interest due on subordinated debt is recorded on the income statement under the heading "Interest and similar expense."



## Equity

### Difference between liabilities and equity

A debt instrument or a financial liability is defined as a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under potentially unfavorable conditions.

An equity instrument is defined as a contract containing a residual interest in an enterprise after subtracting all its debts (net assets).

### Shares

Pursuant to these definitions, the shares issued by the Crédit Mutuel savings banks are considered shareholders equity within the meaning of IAS 32 and the IFRIC 2 interpretation and treated as such in the group's consolidated financial statements.



**Accounting principles for the insurance business**

The specific accounting policies and valuation methods applied to assets and liabilities arising from the issuance of insurance policies are established in accordance with IFRS 4. The latter is also applicable to reinsurance contracts entered into and financial contracts that include a discretionary profit-sharing provision.

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

The same assumptions were used in both fiscal years to value assets under insurance contracts and insurance liabilities.

**Assets**

The accounting methods applied to financial assets, investment properties and other fixed assets are described elsewhere.

The financial assets representing the technical provisions on unit-linked contracts are presented in "Financial assets at fair value through profit or loss."

**Liabilities**

Insurance liabilities, representing commitments to policyholders and beneficiaries, are reported on the line "Insurance companies' technical reserves". They are valued, recognised and consolidated in accordance with French GAAP.

The technical provisions on life insurance contracts consist primarily of mathematical provisions, representing the difference between the present value of the commitments undertaken respectively by the insurer and the insured. The risks covered include primarily death, disability and inability to work (for credit insurance).

Life insurance provisions are estimated conservatively on the basis of contractually-defined technical rates.

Technical provisions on unit-linked contracts are valued at the reporting date, based on the value of the assets used to support these contracts.

Technical provisions on non-life insurance contracts include unearned premium (portion of premium issued pertaining to later years), provisions for increasing risks (difference between the present value of the commitments undertaken respectively by the insurer and the insured) and claims payable.

Technical provisions are calculated gross of reinsurance, and the reinsurers' share is stated in assets.

Insurance contracts and financial contracts with a discretionary profit-sharing provision are subject to "shadow accounting." The provision for deferred profit-sharing represents the share of unrealised capital gains and losses on assets attributable to the insured. This provision is presented on either the liability or the asset side of the balance sheet. On the asset side, it appears as a separate item.

At the reporting date, an adequacy test is performed on the liabilities associated with these contracts (net of other items involving related assets or liabilities, such as deferred acquisition costs and the portfolio securities acquired): a verification is performed to ensure that the liability recorded is adequate to cover the future cash flows projected at that date. Any shortfall in the technical provisions is recognised in income for the period (and would be reversed, if necessary, at a subsequent date).



**Income statement**

Income and expenses arising on insurance contracts written by the group are recognised in the profit and loss account under "Income from other activities" and "Expense from other activities".

Income and expenses relating to the insurance entities' proprietary activities are recognised under the appropriate headings.

**CONSOLIDATION PRINCIPLES AND METHODS**

**Scope of consolidation and criteria**

**Consolidating entity**

The consolidation scope includes all the significant entities over which the consolidating entity exercises control or influence over management.

The consolidating entity of the Crédit Mutuel Arkéa group is Crédit Mutuel Arkéa as defined in the collective license issued by the Autorité de contrôle prudentiel (ACP). This credit institution consists of:

- the Federations of Crédit Mutuel de Bretagne, of Crédit Mutuel du Sud-Ouest and of Crédit Mutuel Massif Central,
- the Crédit Mutuel savings banks that are members of said federations
- Crédit Mutuel Arkéa

Companies whose consolidation would not be significant are excluded from the consolidation scope. The consolidation of an entity is regarded insignificant when balance sheet total does not exceed 200 million euros and contribution to consolidated profit and loss account does not exceed 2 million euros.

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation.

IFRS define three types of control: exclusive control, joint control and significant influence. Analysis of control exercised by the consolidating entity is based not only on identification of the voting rights that it holds in subsidiaries but also on the economic and legal analysis of the relations between them.

**Fully consolidated Companies**

Companies under exclusive control are fully consolidated. Full consolidation consists in substituting the value of the shares with the assets and liabilities of each subsidiary. The share of minority interests in equity and in the profit and loss account is recorded separately on the liabilities side of the consolidated balance sheet and in the consolidated income statement.

An entity exercises exclusive control over another entity if:

- it holds the majority of the voting rights in a subsidiary either directly or indirectly,
- it has the power to direct the financial and operational policy of an entity under an agreement or a regulation,
- it has the power to appoint or remove from office the majority of the members of the administrative or management bodies or to gather together the majority of the voting rights at the meetings of said bodies.

There is a presumption that the group exercises exclusive control if it holds, either directly or indirectly, at least 40% of the voting rights of an enterprise and that no other partner or shareholder holds, either directly or indirectly, a higher percentage. This rule applies to financial companies and to companies whose business is an extension of the group's banking and financial businesses, such as insurance companies and property development companies.



**Companies consolidated using proportionate consolidation**

Companies over which the group exercises joint control with a limited number of other shareholders are consolidated using proportionate consolidation. Proportionate consolidation consists of replacing the book value of the securities in the financial statements of the consolidating enterprise with the percentage representing its interest in the balance sheet and the income statement of the consolidated company. No company is consolidated using this method.

**Companies consolidated using the equity method**

Companies over which the group exercises significant influence and those under exclusive or joint control but whose business is not an extension of the group's banking and financial businesses are consolidated using the equity method.

An entity exercises significant influence over another one when it has the power to take part in the financial and operational policies of an enterprise without exercising control over it. There is a presumption of significant influence when the consolidating entity holds 20% of the voting rights of an entity either directly or indirectly.

The equity method consists in replacing the book value of the securities with the group's share of the equity and the profit and loss account of the entities involved.

**Main changes in scope of consolidation**

In 2012, no transaction impacted the scope of consolidation.

Federal Finance Banque changed its registered name to Federal Finance.

The consolidated entities of Crédit Mutuel Arkéa are presented in note 45.

**CONSOLIDATION PRINCIPLES**

**Balance sheet date**

The balance sheet date for nearly all the consolidated companies is December 31.

**Inter-company transactions**

Reciprocal receivables, payables, and commitments and significant reciprocal expenses and income are eliminated for companies that are fully consolidated. For companies consolidated proportionally, the percentage consolidated of the company controlled jointly is eliminated.

**Accounting for acquisitions and goodwill**

The group applies Revised IFRS 3 for business combinations. The acquisition cost is the sum of the fair values, at the business combination date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the acquiree.

Revised IFRS 3 allows the recognition of total or partial goodwill, as selected for each business combination. In the first case, non-controlling interests are measured at fair value (so-called total goodwill method); in the second, they are based on their proportional share of the values assigned to the assets and liabilities of the acquired company (partial goodwill).

If goodwill is positive, it is recorded on the balance sheet under "Goodwill"; if negative, it is recognised immediately in the income statement, through "Goodwill variations".

Goodwill is subject to an impairment test at least once per year and when there is evidence of an impairment loss.

Each goodwill item is allocated to a cash generating unit that stands to benefit from the acquisition. Any goodwill impairment is determined based on the recoverable amount of the cash generating unit to which it was allocated. Cash generating units are defined based on the group's organisational and management method and take into account the independent nature of these units.

When the group increases its percentage stake in a company that is already controlled, the difference between the purchase price of the stock and the additional share of the consolidated shareholders' equity that these securities represent on the acquisition date is recognised in shareholders' equity.

**Leases, leases with a buy-out clause and financial leases**

Rental, leases with a buy-out clause and financial leases are re-processed in such a way as to take financial accounting into consideration.

**Translation of foreign currency denominated financial statements**

The balance sheets of entities whose accounts are kept in a foreign currency are translated on the basis of the official foreign translation rate on the balance sheet date. The difference on share capital, reserves and retained earnings is recorded in shareholders' equity in the "Translation Reserves" account. The income statement is translated on the basis of the average translation rate during the fiscal year. Translation differences are recorded directly in the "Translation Reserves" account. This difference is added back to the profit and loss account in the event of the disposal or total or partial liquidation of the equity investment in the foreign entity.

**Deferred taxes**

Deferred taxes are recognised on the temporary differences between the carrying amount of an asset or liability and its tax base. They are calculated using the liability method at the corporate tax rate known at the closing date for the period and applicable when the temporary difference is used.

Deferred tax assets are recognised only when it is probable that the enterprise will have sufficient future taxable profit against which the temporary differences can be used. Deferred taxes are recognised as income or expense except for those related to unrealised or deferred gains or losses for which deferred tax is allocated directly against this heading in equity. Deferred taxes are also recorded in respect of tax losses from prior years when there is convincing evidence of the likelihood that such taxes will be collected.

Deferred taxes are not discounted.

The calculation of deferred taxes takes into account the extraordinary contribution of 5% of the amount of corporate income tax applicable until December 30, 2015.

The «contribution économique territoriale» (CET) is treated as an operating expense, it does not entail the recognition of deferred taxes in the consolidated financial statements.





NOTES ON THE BALANCE SHEET

NOTE 1. CASH, DUE FROM CENTRAL BANKS LOANS AND RECEIVABLES DUE FROM BANKS

In thousands of euros

	12.31.2012	12.31.2011
<b>Cash, due from central banks</b>		
Due from central banks	5,098,043	1,457,535
Cash	117,443	108,083
<b>Total</b>	<b>5,215,486</b>	<b>1,565,618</b>
<b>Loans and receivables due from banks</b>		
Crédit Mutuel network accounts	591,407	565,771
Other regular accounts	72,121	191,376
Loans	6,230,462	8,539,040
Securities not listed on an active market	0	10,000
Repurchase agreements	0	0
Receivables written down on an individual basis	0	8
Receivables related to all accounts	132,524	121,624
Depreciation	0	0
<b>Total</b>	<b>7,026,514</b>	<b>9,427,819</b>

NOTE 2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of euros

	12.31.2012	12.31.2011
Assets classified at fair value option	8,113,597	6,979,273
Assets held for trading purposes	418,022	260,258
<b>Total</b>	<b>8,531,619</b>	<b>7,239,531</b>

Mutual funds in which the group owns more than a 20% interest as of December 31, 2012 were reclassified from “available-for-sale assets” to “assets at fair value” in the amount of 47,989 thousand euros.



NOTE 2A. ASSETS CLASSIFIED AT FAIR VALUE OPTION

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Securities</b>	<b>8,075,667</b>	<b>6,926,650</b>
• Treasury bills, notes and government bonds	0	0
• Bonds and other fixed-income securities	1,903,512	1,015,012
Listed	1,855,001	976,641
Unlisted	48,511	38,371
• Stocks and other variable-income securities	6,172,155	5,911,638
Listed	5,585,148	5,202,326
Unlisted	587,007	709,312
<b>Other financial assets <sup>(1)</sup></b>	<b>37,930</b>	<b>52,623</b>
Of which securities loaned under purchased agreements	0	0
<b>Total</b>	<b>8,113,597</b>	<b>6,979,273</b>

(1) customers and interbank loans and receivables

The maximum exposure to credit risk on loans classified at fair value through profit or loss on option amounted to 37,393 thousand euros. This sum is not hedged by credit derivatives.

NOTE 2B. ASSETS HELD FOR TRADING PURPOSES

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Securities</b>	<b>55,097</b>	<b>44,789</b>
• Treasury bills, notes and government bonds	0	0
• Bonds and other fixed-income securities	31,060	34,421
Listed	31,004	34,293
Unlisted	56	128
• Stocks and other variable-income securities	24,037	10,368
Listed	0	0
Unlisted	24,037	10,368
<b>Derivatives held for trading purposes</b>	<b>362,925</b>	<b>215,469</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>
Of which securities loaned under purchased agreements	0	0
<b>Total</b>	<b>418,022</b>	<b>260,258</b>

NOTE 3. DERIVATIVES USED FOR HEDGING PURPOSES

	In thousands of euros			
	12.31.2012		12.31.2011	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	5,827	80,283	2,106	71,511
Fair value hedges	873,093	447,657	526,243	348,462
<b>Total</b>	<b>878,920</b>	<b>527,940</b>	<b>528,349</b>	<b>419,973</b>

The value of changes in cash flows recycled through profit or loss was equal to 4,480 thousand euros.

NOTE 4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Treasury bills, notes and government bonds</b>	<b>6,540</b>	<b>16,462</b>
<b>Bonds and other fixed-income securities</b>	<b>21,240,138</b>	<b>19,009,066</b>
Listed	20,677,104	18,505,331
Unlisted	563,034	503,735
<b>Stocks and other variable-income securities</b>	<b>1,327,334</b>	<b>1,117,178</b>
Listed	818,613	808,028
Unlisted	508,721	309,150
<b>Investment securities</b>	<b>363,566</b>	<b>303,972</b>
Long-term investments	207,956	26,125
Other long-term investments	86,488	192,963
Shares in associates	69,122	84,884
Translation adjustments	0	0
Loaned securities	0	0
<b>Related receivables</b>	<b>517,320</b>	<b>472,914</b>
<b>Total</b>	<b>23,454,898</b>	<b>20,919,592</b>
Of which unrealised gains/losses recognised directly in equity	162,118	(143,260)
Of which securities loaned under repurchase agreements	0	0
Of which impaired securities	0	0
Of which impaired bonds	34,389	8,679
Of which depreciation for impairment recorded in profit or loss	(91,455)	(68,703)
Of which listed long-term investment	0	0



NOTE 5. LOANS AND RECEIVABLES DUE FROM CUSTOMERS

	In thousands of euros	
	12.31.2012	12.31.2011
Performing receivables	36,903,375	38,355,535
• Commercial receivables	60,497	64,642
• Other loans to customers	36,703,973	38,143,263
- Housing loans	19,280,636	20,812,081
- Other loans and various receivables, including repurchase agreements	17,423,337	17,331,182
• Related receivables	138,905	147,630
• Securities not listed on an active market	0	0
Insurance and reinsurance receivables	116,866	105,406
Receivables written down on an individual basis	1,375,186	1,391,812
<b>Gross receivables</b>	<b>38,395,427</b>	<b>39,852,753</b>
Specific depreciations	(806,254)	(782,888)
Collective depreciations	(70,147)	(78,068)
<b>Subtotal I</b>	<b>37,519,026</b>	<b>38,991,797</b>
Finance leases (net investment)	1,068,691	795,760
• Movable goods	447,730	252,120
• Real property	585,440	514,175
• Receivables written down on an individual basis	35,521	29,465
Depreciation	(17,219)	(7,147)
<b>Subtotal II</b>	<b>1,051,472</b>	<b>788,613</b>
<b>Total</b>	<b>38,570,498</b>	<b>39,780,410</b>
of which equity loans with no voting rights	0	0
of which subordinated loans	0	0

NOTE 6. INFORMATION ON IMPAIRED ASSETS AND THE PAYMENT ARREARS

	In thousands of euros				
	Payment arrears				Guarantees on impaired assets and payment arrears
	Less than 3 months	Over 3 months - 6 months	Over 6 months - 1 year	Over 1 year	
<b>Equity instruments</b>					0
<b>Debt instruments</b>	0	0	0	0	0
Central banks	0	0	0	0	0
Banking institutions	0	0	0	0	0
Non-banking institutions	0	0	0	0	0
Large corporates	0	0	0	0	0
Retail customers	0	0	0	0	0
<b>Loans and receivables</b>	<b>152,173</b>	<b>59,054</b>	<b>17,380</b>	<b>8,030</b>	<b>525,051</b>
Central banks	0	0	0	0	0
Banking institutions	0	0	0	0	0
Non-banking institutions	0	0	0	0	0
Large corporates	13,157	1,425	0	503	76,795
Retail customers	139,016	57,629	17,380	7,527	448,256
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>152,173</b>	<b>59,054</b>	<b>17,380</b>	<b>8,030</b>	<b>525,051</b>
<b>Unallocated guarantees</b>					0

This table includes all outstandings not considered impaired within the meaning of French Accounting Regulations Committee (CRC) Standard 2002-03 but on which one or more delinquent payments have been observed.

The total value of the commitment on which a delinquent payment has been observed is declared, rather than merely the value of the delinquent payment.  
The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

NOTE 7. HELD-TO-MATURITY FINANCIAL ASSETS

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Securities</b>	<b>314,032</b>	<b>331,047</b>
• Treasury bills, notes and government bonds	10,135	10,187
• Bonds and other fixed-income securities	303,897	320,860
Listed	194,626	205,115
Unlisted	109,271	115,745
<b>Related receivables</b>	<b>7,735</b>	<b>8,653</b>
<b>Gross total</b>	<b>321,767</b>	<b>339,700</b>
Depreciation	0	(5,030)
<b>Net total</b>	<b>321,767</b>	<b>334,670</b>





NOTE 8. DEPRECIATIONS

In thousands of euros					
	12.31.2011	Allocations	Write-backs	Other <sup>(1)</sup>	12.31.2012
Loans and receivables – financial institutions	0	0	0	0	0
Loans and receivables due from customers	(868,103)	(338,516)	316,342	(3,343)	(893,620)
Available-for-sale securities	(68,703)	(27,116)	5,334	(970)	(91,455)
Held-to-maturity securities	(5,030)	0	5,030	0	0
<b>Total</b>	<b>(941,836)</b>	<b>(365,632)</b>	<b>326,706</b>	<b>(4,313)</b>	<b>(985,075)</b>

(1) Corresponds notably to the reclassification of bonds redeemable in shares from “Avalaible-for-sale financial assets” to “Financial assets at fair value on option”.

NOTE 9. CURRENT TAX ASSETS

In thousands of euros		
	12.31.2012	12.31.2011
Assets (through profit or loss)	246,147	210,449
Liabilities (through profit or loss)	92,499	121,744

NOTE 10. DEFERRED TAX ASSETS

In thousands of euros		
	12.31.2012	12.31.2011
Assets (through profit or loss)	190,148	219,434
Assets (through equity)	57,924	84,405
Liabilities (through profit or loss)	29,632	29,376
Liabilities (through equity)	54,758	749

In thousands of euros		
Breakdown of deferred taxes by major category	12.31.2012	
	Assets	Liabilities
Loss carryforwards	116,489	0
Temporary differences on:		
• Unrealised or deferred gains or losses on available-for-sale assets	22,955	65,782
• Other unrealised or deferred gains and losses	45,993	0
• Provisions	54,059	30,376
• Unrealised reserves of finance leases	0	6,156
• Insurance business	28,564	12,400
• Other	307,694	297,358
Offset :		
• Shareholders’ equity	(11,024)	(11,024)
• Income	(316,658)	(316,658)
<b>Total deferred tax assets and liabilities</b>	<b>248,072</b>	<b>84,390</b>

NOTE 11. ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

In thousands of euros		
	12.31.2012	12.31.2011
<b>Accruals – assets</b>		
Receivables collection	308,198	378,152
Foreign currency adjustment accounts	3,795	8,417
Income receivable	73,461	76,377
Miscellaneous accrual accounts	212,109	322,147
<b>Subtotal</b>	<b>597,563</b>	<b>785,093</b>
<b>Other assets</b>		
Settlement accounts for security transactions	153,787	37,797
Various debtors	284,605	258,630
Versed deposits	603,070	386,239
Inventories and similar	6,281	3,594
Other miscellaneous applications of funds	27	2
<b>Subtotal</b>	<b>1,047,770</b>	<b>686,262</b>
<b>Other insurance assets</b>		
Technical provisions - Reinsurers' share	46,389	41,480
Other	22,995	20,557
<b>Subtotal</b>	<b>69,384</b>	<b>62,037</b>
<b>Total</b>	<b>1,714,717</b>	<b>1,533,392</b>

NOTE 12. EQUITY METHOD INVESTMENTS

In thousands of euros				
	12.31.2012		12.31.2011	
	Investment	Share in net profit	Investment	Share in net profit
Acta Voyages	0	0	0	140
Caisse Centrale du Crédit Mutuel	105,791	3,359	105,612	5,266
Crédit Mutuel Cartes de Paiement	1,237	(1)	1,243	0
<b>Total</b>	<b>107,028</b>	<b>3,358</b>	<b>106,854</b>	<b>5,406</b>

In thousands of euros			
Additional data regarding the main equity-accounted entities (under IFRS)	Total Balance sheet	Net banking income	Net income
Caisse Centrale du Crédit Mutuel	5,721,740	25,824	13,476
Crédit Mutuel Cartes de Paiement	10,585	4	(6)



NOTE 13. INVESTMENT PROPERTY

	In thousands of euros				
	12.31.2011	Increase	Decrease	Other	12.31.2012
Historical cost	593,491	25,298	(12,558)	0	606,231
Amortisation and depreciation	(113,341)	(20,355)	1,353	0	(132,343)
Net amount	480,150	4,943	(11,205)	0	473,888

The fair value of investment real estate recognised at cost amounted to 695 million euros in 2012 compared to 672 million euros in 2011.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	In thousands of euros				
	12.31.2011	Increase	Decrease	Other	12.31.2012
Historical cost					
Land	21,634	2,159	(71)	(171)	23,551
Plant	495,751	21,464	(12,064)	(20,371)	484,780
Other property, plant and equipment	205,066	36,446	(40,963)	(1,186)	199,363
Total	722,451	60,069	(53,098)	(21,728)	707,694
Depreciation and amortisation					
Land	0	0	0	0	0
Plant	(298,674)	(22,184)	11,282	10,737	(298,839)
Other property, plant and equipment	(147,471)	(16,891)	27,401	808	(136,153)
Total	(446,145)	(39,075)	38,683	11,545	(434,992)
Net amount	276,306	20,994	(14,415)	(10,183)	272,702

NOTE 15. INTANGIBLE ASSETS

	In thousands of euros				
	12.31.2011	Increase	Decrease	Other	12.31.2012
Historical cost					
Self-produced assets	128,477	54,603	(2,019)	2,156	183,217
Acquired assets	609,352	53,524	(103,376)	(7,102)	552,398
• Software	316,767	20,529	(56,777)	5,721	286,240
• Other	292,585	32,995	(46,599)	(12,823)	266,158
Total	737,829	108,127	(105,395)	(4,946)	735,615
Depreciation and amortisation					
Self-produced assets	(64,902)	(33,557)	2,017	(42)	(96,484)
Acquired assets	(344,954)	(47,875)	74,804	(1,528)	(319,553)
• Software	(287,587)	(38,116)	74,744	94	(250,865)
• Other	(57,367)	(9,759)	60	(1,622)	(68,688)
Total	(409,856)	(81,432)	76,821	(1,570)	(416,037)
Net amount	327,973	26,695	(28,574)	(6,516)	319,578

NOTE 16. GOODWILL

	In thousands of euros				
	31.12.2011	Acquisitions	Disposals	Other	12.31.2012
Gross goodwill	422,951	0	0	0	422,951
Depreciation	0	0	0	0	0
Net goodwill	422,951	0	0	0	422,951

Allocation by cash generating unit (CGU)	Concerned companies	12.31.2012	12.31.2011
Investor services and on line savings	Fortuneo Procapital	229,144	229,144
Provider of banking services	Monext Monext Holding	100,250	100,250
Restructuring of loans and associated funding	CFCAL Banque CFCAL SCF	38,216	38,216
Equipment lease financing	Leasecom Group Leasecom Financial Assets Leasecom Car Leasecom	32,723	32,723
Asset management	Schelcher Prince Gestion	11,649	11,649
Non-life insurance	Suravenir Assurances	10,969	10,969
Net goodwill		422,951	422,951

NOTE 17. DUE TO CENTRAL BANKS  
DUE TO BANKS

	In thousands of euros	
	12.31.2012	12.31.2011
Central banks	0	0
Banks	1,339,737	2,607,012
Crédit Mutuel network accounts	48,390	38,108
Other current accounts	198,819	40,583
Loans	436,738	1,801,191
Other liabilities	34,469	39,284
Repurchase agreements	600,673	663,414
Related liabilities	20,648	24,432
Total	1,339,737	2,607,012





NOTE 18. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	In thousands of euros	
	12.31.2012	12.31.2011
Financial liabilities held for trading	433,727	277,508
Derivatives	433,727	277,508
Fair value option financial liabilities through profit or loss	301,895	178,822
Due to banks	395	616
Customer accounts	159,945	53,532
Debt securities	141,555	124,674
Subordinated debt	0	0
Total	735,622	456,330

The redemption value of liabilities measured at fair value amounted to 730,366 thousand euros at December 31, 2012, against 454,633 thousand euros at December 31, 2011. The change in fair value attributable to evolution of the issuer risk of the Crédit Mutuel Arkéa group from the standpoint of the group's terms of issue amounted to (2,551) thousand euros at December 31, 2012.

NOTE 18A. FAIR VALUE OPTION FINANCIAL LIABILITIES THROUGH PROFIT OR LOSS

	12.31.2012			12.31.2011		
	Book value	Amount due at maturity	Difference	Book value	Amount due at maturity	Difference
Due to banks	395	395	0	616	604	12
Customer items	159,945	157,269	2,676	53,532	53,248	284
Debt securities	141,555	138,975	2,580	124,674	123,273	1,401
Subordinated debt	0	0	0	0	0	0
Total	301,895	296,639	5,256	178,822	177,125	1,697

NOTE 19. CUSTOMER ACCOUNTS

	In thousands of euros	
	12.31.2012	12.31.2011
Savings accounts governed by special regulations	19,143,178	17,347,427
• Demand accounts	15,004,266	13,118,180
• Term accounts	4,138,912	4,229,247
Debt related to savings account	5,012	2,262
Subtotal	19,148,190	17,349,689
Current accounts	7,149,342	6,183,542
Term accounts and term loans	3,840,355	3,111,414
Repurchase agreements	0	0
Insurance and reinsurance liabilities	29,161	36,158
Related liabilities	48,274	46,901
Subtotal	11,067,132	9,378,015
Total	30,215,322	26,727,704

NOTE 20. DEBT SECURITIES

	In thousands of euros	
	12.31.2012	12.31.2011
Certificates of deposit	33,860	41,575
Interbank market securities and negotiable debt securities	5,040,109	6,737,455
Bond issues	14,148,935	13,783,872
Related liabilities	309,048	294,733
Total	19,531,952	20,857,635





NOTE 21. ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Accruals – liabilities</b>		
Blocked accounts for collection operations	328,706	336,748
Foreign currency adjustment accounts	15,739	18,369
Expenses payable	208,607	221,123
Prepaid income	356,197	387,167
Miscellaneous accrual accounts	127,279	430,895
<b>Subtotal</b>	<b>1,036,528</b>	<b>1,394,302</b>
<b>Other liabilities</b>		
Settlement accounts for securities transactions	142,919	41,546
Outstanding payments on securities	2,786	2,769
Miscellaneous creditors	902,428	580,767
<b>Subtotal</b>	<b>1,048,133</b>	<b>625,082</b>
<b>Other insurance liabilities</b>		
Security deposits and guarantees received	16,508	13,618
Other	0	0
<b>Subtotal</b>	<b>16,508</b>	<b>13,618</b>
<b>Total</b>	<b>2,101,169</b>	<b>2,033,002</b>

NOTE 22. INSURANCE COMPANIES’ TECHNICAL RESERVES

	In thousands of euros	
	12.31.2012	12.31.2011
Life	22,898,413	20,829,119
Of profit-sharing	1,543,698	184,903
Non life	346,241	332,458
Unit-linked contracts	4,835,643	4,343,883
Other	120,425	109,277
<b>Total</b>	<b>28,200,722</b>	<b>25,614,737</b>
Active deferred profit-sharing	0	(286,351)
Reinsurers' share	(46,389)	(41,480)
<b>Net technical provisions</b>	<b>28,154,333</b>	<b>25,286,906</b>

NOTE 23. PROVISIONS

	In thousands of euros					
	12.31.2011	Allocations	Write-backs (used)	Write-backs (not used)	Other	12.31.2012
Provisions for pension costs	103,463	68,674	(8,046)	(303)	(503)	163,285
Provisions for home savings accounts and plans	24,902	5,236	0	0	(198)	29,940
Provisions for execution of guarantee commitments	12,891	9,563	(548)	(5,024)	0	16,882
Provision for taxes	1,654	193	0	(1,654)	(97)	96
Provisions for legal proceedings	32,148	7,669	(1,838)	(3,231)	(40)	34,708
Provisions for risks	8,674	6,357	(2,004)	(3,089)	0	9,938
Other	29,662	9,690	(2,400)	(3,379)	(2,434)	31,139
<b>Total</b>	<b>213,394</b>	<b>107,382</b>	<b>(14,836)</b>	<b>(16,680)</b>	<b>(3,272)</b>	<b>285,988</b>

NOTE 23A. PROVISIONS FOR PENSION COSTS AND SIMILAR BENEFITS

	In thousands of euros				
	12.31.2011	Allocations	Write-backs	Other	12.31.2012
Retirement benefits	33,842	11,522	(1,841)	(174)	43,349
Defined-benefit plans	43,940	48,218	(5,445)	0	86,713
Work medals	25,681	8,934	(1,063)	(329)	33,223
<b>Total</b>	<b>103,463</b>	<b>68,674</b>	<b>(8,349)</b>	<b>(503)</b>	<b>163,285</b>

NOTE 23B. PROVISIONS FOR REGULATED SAVINGS PRODUCT RISKS

	In thousands of euros			
Deposits collected under home purchase savings schemes during the savings period - Provisions	12.31.2012		12.31.2011	
	Deposits	Provisions	Deposits	Provisions
Home purchase savings plans	3,639,742	24,817	3,691,000	8,622
• Under 4 years old	1,735,660	196	1,704,805	0
• Between 4 and 10 years old	589,151	1,322	1,008,353	467
• Over 10 years old	1,314,931	23,299	977,842	8,155
Home purchase savings accounts	888,508	0	936,724	10,114
<b>Total</b>	<b>4,528,250</b>	<b>24,817</b>	<b>4,627,724</b>	<b>18,736</b>

	In thousands of euros			
Loans granted under home purchase savings schemes - Provisions	12.31.2012		12.31.2011	
	Deposits	Provisions	Deposits	Provisions
Home purchase savings plans	40,714	249	51,509	356
Home purchase savings accounts	290,544	4,874	303,810	5,810
<b>Total</b>	<b>331,258</b>	<b>5,123</b>	<b>355,319</b>	<b>6,166</b>



NOTE 24. SUBORDINATED DEBT

	In thousands of euros	
	12.31.2012	12.31.2011
Subordinated debt	276,898	563,777
Equity instruments with no voting rights	18,455	20,133
Undated subordinated debt	114,113	249,811
Other liabilities	0	0
Related liabilities	8,112	12,667
<b>Total</b>	<b>417,578</b>	<b>846,388</b>

Subordinated debt representing at least 10% of the total subordinated debt at December 31, 2012

	In thousands of euros				
Issuers	Issue date	Amount	Currency	Rate	Due
Crédit Mutuel Arkéa	07.05.2004	114,206	Euro	CMS 10 years + 0.10	Undated
Crédit Mutuel Arkéa	09.18.2008	300,000	Euro	6.75%	09.18.2018
<b>Total</b>		<b>414,206</b>			

NOTE 25. SHARE CAPITAL AND RESERVES - CONSOLIDATED RESERVES

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Share capital</b>	<b>2,018,906</b>	<b>1,551,710</b>
<b>Share capital related reserves</b>	<b>4,906</b>	<b>4,906</b>
<b>Consolidated reserves</b>	<b>2,497,830</b>	<b>2,285,400</b>
Statutory reserve	292,564	273,975
Reserves provided for in the articles of incorporation and contractual reserves	1,283,623	1,212,523
Regulated reserves	0	0
Translation reserves	0	0
Other reserves	849,446	726,800
Retained earnings	72,197	72,102
<b>Total</b>	<b>4,521,642</b>	<b>3,842,016</b>

The group's share capital consists of the shares held by the depositors/shareholders of the banking institution.

The group's regulatory capital amounted to 3,768 million euros at December 31, 2012 compared to 3,799 million euros at December 31, 2011. The shareholders' equity of the financial conglomerate totaled 4,273 million euros as

of December 31, 2012, compared with 4,242 million euros as of December 31, 2011.

The primary regulatory ratios are discussed in the group management report. The group's capital adequacy ratio is compliant with the regulatory requirement.

NOTE 26. GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

	In thousands of euros	
	12.31.2012	12.31.2011
Available-for-sale assets	118,646	(69,771)
Cash flow hedge derivatives	(49,673)	(46,505)
Real property	0	0
Other	(38,038)	0
<b>Total</b>	<b>30,935</b>	<b>(116,276)</b>

NOTE 27. BREAKDOWN OF FINANCIAL LIABILITIES ACCORDING TO MATURITY DATE

	In thousands of euros					
	Residual maturity					
	Less than 3 months	Over 3 months - 1 year	Over 1 year - 5 years	More than 5 years	Not determined	Total
Financial liabilities at fair value through profit or loss	112,611	77,549	220,445	325,017		735,622
Due to banks	899,512	414,987		25,238		1,339,737
Customer accounts	23,635,309	2,571,257	3,323,624	685,132		30,215,322
Debt securities	3,392,529	1,812,698	9,031,985	5,294,740		19,531,952
Subordinated debt		296	3,980	295,181	118,121	417,578

This analysis is based on contractual and not discounted maturities.





NOTE 28. NON-CURRENT ASSETS HELD FOR SALE

After receiving approval from the group’s management and Board of Directors in early October 2012, the group initiated a project to sell a portion of the activities of Banque Privée Européenne.

This sale does not correspond to a separate business segment. As a result, the sale is presented in the financial statements for the period ending December 31, 2012 as a “disposal group held for sale” pursuant to IFRS 5.

The amounts shown by asset and liability categories were determined on the basis of single contracts sold or by allocation formulas.

The sale is expected to occur in the first half of 2013.

The main categories of assets and liabilities reclassified on these two lines of the statement of financial position are presented below:

	In thousands of euros
Assets	12.31.2012
Financial assets	7,337
Receivables	2,688,344
• Receivables due from banks	135,372
• Receivables due from customers	2,552,972
Remeasurement adjustment on interest-rate risk hedged portfolios	27,018
Other assets	19,274
Property, plant and equipment	13,605
Total assets	2,755,578
Liabilities	12.31.2012
Debts	2,619,887
Due to banks	1,861,340
Customer accounts	758,547
Other liabilities	19,993
Provisions	2,985
Total liabilities	2,642,865

NOTE 29A. RANKING OF FAIR VALUE

In thousands of euros

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	22,532,231	679,949	242,718	23,454,898
• Treasury bills and similar securities	6,603	0	0	6,603
• Bonds and other fixed-income securities	21,077,536	679,795	26	21,757,357
• Stocks and other variable-income securities	1,222,199	0	105,135	1,327,334
• Equity investments and other long-term investments	225,893	0	68,589	294,482
• Shares in associates	0	154	68,968	69,122
Financial assets at fair value through profit or loss	7,305,653	1,096,756	129,210	8,531,619
• Bonds and other fixed-income securities - Held for trading	20,197	10,863	0	31,060
• Bonds and other fixed-income securities - FVO	1,204,933	693,576	5,003	1,903,512
• Stocks and other variable-income securities - Held for trading	24,037	0	0	24,037
• Stocks and other variable-income securities - FVO	6,047,948	0	124,207	6,172,155
• Due from banks - FVO	0	15,073	0	15,073
• Customer loans - FVO	0	22,857	0	22,857
• Derivatives and other financial assets - Held for trading	8,538	354,387	0	362,925
Derivatives used for hedging purposes	0	878,920	0	878,920
Total	29,837,884	2,655,625	371,928	32,865,437
Financial liabilities				
Financial assets at fair value through profit or loss	0	735,622	0	735,622
• Due to banks - FVO	0	395	0	395
• Customer deposits - FVO	0	159,945	0	159,945
• Debt securities - FVO	0	141,555	0	141,555
• Derivatives and other financial liabilities - Held for trading	0	433,727	0	433,727
Derivatives used for hedging purposes	0	527,940	0	527,940
Total	0	1,263,562	0	1,263,562





**NOTE 29B. RANKING OF FAIR VALUE - DETAILS OF LEVEL 3**

In thousands of euros

	12.31.2011	Purchases	Issues	Sales	Refundings	Transferts
<b>Available-for-sale financial assets</b>	<b>216,503</b>	<b>52,600</b>	<b>2,108</b>	<b>(7,121)</b>	<b>(15,460)</b>	<b>108</b>
• Bonds and other fixed-income securities	0	0	0	0	0	0
• Stocks and other variable-income securities	66,912	44,329	0	(3,402)	(15,460)	4,590
• Equity investments and other long-term investments	64,852	8,252	2,108	(3,719)	0	(4,482)
• Shares in associates	84,739	19	0	0	0	0
<b>Financial liabilities at fair value through profit or loss</b>	<b>89,940</b>	<b>36,453</b>	<b>0</b>	<b>0</b>	<b>(126)</b>	<b>0</b>
• Bonds and other fixed-income securities - FVO	4,675	0	0	0	0	0
• Stocks and other variable-income securities - FVO	85,265	36,453	0	0	(126)	0
<b>Total</b>	<b>306,443</b>	<b>89,053</b>	<b>2,108</b>	<b>(7,121)</b>	<b>(15,586)</b>	<b>108</b>

	Gains and losses through profit or loss	Gains and losses in equity	Other move-ments	12.31.2012	Transferts N1, N2 = > N3	Transferts N3 = > N1, N2
<b>Available-for-sale financial assets</b>	<b>1,363</b>	<b>(5,524)</b>	<b>(1,859)</b>	<b>242,718</b>	<b>0</b>	<b>0</b>
• Bonds and other fixed-income securities	0	26	0	26	0	0
• Stocks and other variable-income securities	1,363	6,803	0	105,135	0	0
• Equity investments and other long-term investments	0	1,648	(70)	68,589	0	0
• Shares in associates	0	(14,001)	(1,789)	68,968	0	0
<b>Financial liabilities at fair value through profit or loss</b>	<b>2,820</b>	<b>123</b>	<b>0</b>	<b>129,210</b>	<b>0</b>	<b>0</b>
• Bonds and other fixed-income securities - FVO	0	328	0	5,003		0
• Stocks and other variable-income securities - FVO	2,820	-205	0	124,207	0	0
<b>Total</b>	<b>4,183</b>	<b>(5,401)</b>	<b>(1,859)</b>	<b>371,928</b>	<b>0</b>	<b>0</b>

**NOTE 30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT AMORTISED COST**

In thousands of euros

	12.31.2012			12.31.2011		
	Fair value	Book value	Unrealised gains and losses	Fair value	Book value	Unrealised gains and losses
<b>Assets</b>						
Loans and receivables due from banks	6,908,683	7,026,514	(117,831)	9,388,074	9,427,819	(39,745)
Loans and receivables due from customers	38,260,221	38,570,498	(310,277)	39,664,771	39,780,410	(115,639)
Held-to-maturity financial assets	321,767	321,767	0	328,861	334,670	(5,809)
<b>Liabilities</b>						
Due to banks	1,285,616	1,339,737	(54,121)	2,595,399	2,607,012	(11,613)
Customer accounts	30,232,696	30,215,322	17,374	26,719,259	26,727,704	(8,445)
Debt securities	20,932,969	19,531,952	1,401,017	20,570,874	20,857,635	(286,761)
Subordinated debt	435,840	417,578	18,262	692,175	846,388	(154,213)







NOTES ON THE INCOME STATEMENT

NOTE 31. INTEREST AND SIMILAR INCOME/EXPENSE

	In thousands of euros			
	12.31.2012		12.31.2011	
	Income	Expense	Income	Expense
Banks and central banks	191,782	(138,263)	186,026	(101,880)
Customers	1,727,592	(725,737)	1,660,295	(574,783)
Derivative hedge instruments	358,425	(338,432)	250,327	(252,788)
Available-for-sale financial assets	65,880	0	86,521	0
Held-to-maturity financial assets	11,355	0	12,799	0
Debt securities	0	(544,761)	0	(560,038)
Subordinated debt	0	(3,919)	0	(8,716)
Total	2,355,034	(1,751,112)	2,195,968	(1,498,205)

NOTE 32. FEE AND COMMISSION INCOME/EXPENSE

	In thousands of euros			
	12.31.2012		12.31.2011	
	Income	Expense	Income	Expense
Financial institutions	3,480	(1,662)	4,545	(1,517)
Customers	87,135	(8,121)	75,113	(3,994)
Derivatives	7,017	(562)	13,676	(4,722)
Foreign currency	1,943	(47)	2,264	(5)
Financing and guarantee commitments	807	(1,771)	604	(934)
Securities and services	399,827	(93,097)	427,183	(113,234)
Total	500,209	(105,260)	523,385	(124,406)

NOTE 33. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	In thousands of euros	
	12.31.2012	12.31.2011
Instruments held for trading	(3,231)	(7,375)
Fair value option instruments	21,841	496
Hedging ineffectiveness	7,984	(8,352)
cash flow hedges	(193)	0
fair value hedges	8,177	(8,352)
• change in fair value of hedged items	(367,655)	(249,083)
• change in fair value of hedges	375,832	240,731
Foreign exchange gains (losses)	558	563
Total of changes in fair value	27,152	(14,668)

NOTE 34. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS AVAILABLE-FOR-SALE

	In thousands of euros			
	12.31.2012			
	Divi-dends	Realised gains/losses	Impair-ment	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	2,741	0	2,741
Stocks and other variable-income securities	3,765	16,588	(1,974)	18,379
Investment securities	2,891	399	(2,279)	1,011
Other	0	0	0	0
TOTAL	6,656	19,728	(4,253)	22,131

12.31.2011			
Divi-dends	Realised gains/losses	Impair-ment	Total
0	2,072	0	2,072
5,315	8,521	181	14,017
5,724	2,632	(61)	8,295
0	0	0	0
11,039	13,225	120	24,384



NOTE 35. INCOME/EXPENSE FROM OTHER ACTIVITIES

	12.31.2012		12.31.2011	
	Income	Expense	Income	Expense
Insurance business	4,307,569	(3,830,142)	3,913,783	(3,463,632)
Investment property	3,944	(21,935)	17,394	(32,447)
Other income	259,996	(100,119)	265,403	(102,193)
<b>Total</b>	<b>4,571,509</b>	<b>(3,952,196)</b>	<b>4,196,580</b>	<b>(3,598,272)</b>

NOTE 35A. GROSS MARGIN ON INSURANCE ACTIVITIES

	12.31.2012		12.31.2011	
	Income	Expense	Income	Expense
Premiums earned	2,546,395		2,534,496	
Cost of claims and benefits		(153,672)		(139,556)
Change in provisions		(21,086)		(18,076)
Other technical and non-technical income and expenses		(2,812,477)		(2,787,487)
Net investment income	918,267		860,774	
<b>Total</b>	<b>477,427</b>		<b>450,151</b>	





**NOTE 36. GENERAL OPERATING EXPENSES**

	In thousands of euros	
	12.31.2012	12.31.2011
Personnel expenses	(679,782)	(626,542)
Other expense	(458,178)	(466,938)
<b>Total</b>	<b>(1,137,960)</b>	<b>(1,093,480)</b>

**NOTE 36A. PERSONNEL EXPENSES**

	Thousands of in euros	
	12.31.2012	31.12.2011
Salaries, wages and compensation	(396,744)	(378,030)
Payroll taxes	(205,468)	(176,765)
Mandatory and optionnal employee profit-sharing	(26,449)	(29,150)
Taxes, levies and similar payments on compensation	(51,121)	(46,561)
Other	0	3,964
<b>Total</b>	<b>(679,782)</b>	<b>(626,542)</b>

The group's employees have accumulated 875,344 training hours corresponding to vested rights under the French Employee Access to Training law.

**NOTE 36B. AVERAGE STAFF**

	In thousands of euros	
	12.31.2012	12.31.2011
Employees	4,043	3,971
Executives and experts	4,800	4,608
<b>Total</b>	<b>8,843</b>	<b>8,579</b>

**NOTE 36C. POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS**

**Defined contribution post-employment benefit plans**

Defined contribution plans are those for which the group's commitment is limited to the payment of a contribution but do not include any commitment by the group with respect to the level of services provided.

The main defined contribution post-employment benefit plans include mandatory social security and the Agirc and Arrco retirement plans, as well as the supplementary retirement plans established by some entities and for which they are only required to make contributions.

In 2012, expenses related to these plans totaled 69,087 thousand euros.

**Defined benefit plans and other long-term benefits**

	In thousands of euros				
	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12.31.2012	TOTAL 12.31.2011
<b>Change in actuarial liability</b>					
<b>Gross actuarial liability at December 31, 2011</b>	<b>53,689</b>	<b>34,144</b>	<b>25,681</b>	<b>113,514</b>	<b>113,153</b>
Cost of services rendered during the period	2,541	1,964	1,604	6,109	6,319
Financial cost	2,540	1,626	1,262	5,428	4,542
Modification/ reduction/ liquidation of a plan		(113)	(127)	(240)	5,930
Acquisition, disposal (change in consolidation scope)				0	505
Benefits paid (mandatory)	(5,445)	(1,841)	(1,062)	(8,348)	(3,612)
Actuarial gains / losses	42,229	7,900	6,067	56,196	(13,323)
<b>Gross actuarial liability at December 31, 2012</b>	<b>95,554</b>	<b>43,680</b>	<b>33,425</b>	<b>172,659</b>	<b>113,514</b>

	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12.31.2012	TOTAL 12.31.2011
<b>Analysis of charge to the income statement</b>					
Cost of services rendered during the year	(2,541)	(1,965)	(1,604)	(6,110)	(6,319)
Financial cost	(2,540)	(1,626)	(1,262)	(5,428)	(4,542)
Expected return on plan assets	1,498	1,400	916	3,814	1,579
Past service cost	(908)	(32)		(940)	(564)
Impact of any reduction or liquidation of a plan		115	127	242	146
Actuarial gains and losses recognised in income			(6,454)	(6,454)	14,819
<b>Charge to the income statement</b>	<b>(4,491)</b>	<b>(2,108)</b>	<b>(8,277)</b>	<b>(14,876)</b>	<b>5,119</b>

	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12.31.2012	TOTAL 12.31.2011
<b>Change in fair value of plan assets and reimbursement rights</b>					
Fair value of assets at December 31, 2011	34,307	29,483	19,223	83,013	82,581
Expected return on assets	1,498	1,400	915	3,813	1,580
Actuarial gains / losses on plan assets	(629)	(589)	(386)	(1,604)	1,411
Employer contributions	43,858	8,435		52,293	0
Acquisition, disposal (change in consolidation scope)				0	0
Benefits paid	(5,445)			(5,445)	(2,559)
<b>Fair value of assets at December 31, 2012</b>	<b>73,589</b>	<b>38,729</b>	<b>19,752</b>	<b>132,070</b>	<b>83,013</b>





In thousands of euros

	Defined-benefit plans	Retirement benefits	Work medals	TOTAL 12.31.2012	TOTAL 12.31.2011
<b>Net position</b>					
<b>Gross actuarial liability at end of period</b>	<b>95,554</b>	<b>43,680</b>	<b>33,425</b>	<b>172,659</b>	<b>113,514</b>
Unrecognised past service cost	(8,841)	(270)		(9,111)	(10,051)
<b>Net actuarial liability at end of period</b>	<b>86,713</b>	<b>43,410</b>	<b>33,425</b>	<b>163,548</b>	<b>103,463</b>
Fair value of assets	(73 589)	(38 729)	(19 752)	(132 070)	(83 013)
<b>Net position</b>	<b>13,124</b>	<b>4,681</b>	<b>13,673</b>	<b>31,478</b>	<b>20,450</b>

Items recognised immediately in SoRIE and shown through profit and loss	12.31.2012	12.31.2011 *
Actuarial gains and losses on defined benefit plans	(51 347)	
Asset cap adjustments		
<b>Total of items recognised immediately in SoRIE during the year</b>	<b>(51,347)</b>	<b>0</b>
<b>Total accumulated actuarial gains and losses in SoRIE at year-end</b>	<b>(58,005)</b>	

\* In 2011, Crédit Mutuel Arkéa group did not recognise actuarial differences in SoRIE

Information on plan assets

The amounts included in the fair value of plan assets concern financial instruments issued by the group and the properties occupied by the group are not material.

The expected return on plan assets is obtained by weighting the expected return of each asset class included in the plan by their respective net carrying amount.

The employer contributions to be paid for 2013 in respect of defined benefit post-employment benefits are estimated at 5,563 thousand euros.

Expected return on funding assets	12.31.2012	12.31.2011
Effective return on plan assets	3.92%	3.70%

Hedging assets: Composition and type of fund	12.31.2012	12.31.2011
Bonds	89.51%	89.80%
Equities	6.40%	5.20%
Other assets	4.09%	5.00%

Analysis of commitments’ sensitivity to changes in main assumptions

(As a % of the item measured)

	12.31.2012		
	Defined-benefit plans	Retirement benefits	Work medals
<b>+0.5% change in the discount rate</b>			
Impact on present value of commitments as of December 31	(7%)	(6%)	(5%)

The sensitivities shown are weighted averages of observed changes relative to the present value of the commitments.

In thousands of euros

Experience-related adjustments to defined benefit pension plans	12.31.2012	12.31.2011	31.12.2010	31.12.2009
Present value of obligation	95,554	53,689	52,667	44,597
Fair value of plan assets	73,589	34,307	41,040	39,676
<b>Deficit</b>	<b>21,965</b>	<b>19,382</b>	<b>11,627</b>	<b>4,921</b>
Experience-based adjustments to plan liabilities	35,694	(10,605)	8,632	4,167
Experience-based adjustments to plan assets	41,537	10,314	1,437	200

Data for 2008 are not available.

NOTE 36D. OTHER EXPENSES

In thousands of euros

	12.31.2012	12.31.2011
Taxes other than on income or payroll-related	(62,556)	(51,406)
External services	(396,154)	(415,466)
Other expenses	532	(66)
<b>Total</b>	<b>(458,178)</b>	<b>(466,938)</b>

The independent auditor’s fee recognised on the income statement for the year totaled 4,627 thousand euros. The invoiced fees pertaining to the legal audit of individual and consolidated financial statements totaled 3,538 thousand euros, while those pertaining to other services totaled 1,089 thousand euros.



**NOTE 37. DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

	In thousands of euros	
	12.31.2012	12.31.2011
Amortisation:	(122,137)	(96,892)
• tangible assets	(37,810)	(36,669)
• intangible assets	(84,327)	(60,223)
Depreciation:	(1,416)	29
• tangible assets	(1,216)	29
• intangible assets	(200)	0
<b>Total</b>	<b>(123,553)</b>	<b>(96,863)</b>

**NOTE 38. COST OF RISK**

	In thousands of euros					
	Allocations	Write-backs	Irre-coverable loans and receivables covered	Irre-coverable loans and receivables not covered	Collection of receivables written off	12.31.2012
Financial institutions	0	0	0	0	0	0
Customers	(292,675)	276,205	(79,899)	(10,272)	4,756	(101,885)
• Finance leases	(6,017)	5,170	(2,001)	(556)	0	(3,404)
• Loans to customers	(270,737)	260,555	(77,898)	(9,716)	4,756	(93,040)
• Financing and guarantee commitments	(15,921)	10,480	0	0	0	(5,441)
Available-for-sale assets	(13,241)	3,853	(7,527)	(220)	0	(17,135)
Held-to-maturity assets	0	5,030	0	0	0	5,030
Other	(7,201)	5,285	(38)	0	101	(1,853)
<b>Total</b>	<b>(313,117)</b>	<b>290,373</b>	<b>(87,464)</b>	<b>(10,492)</b>	<b>4,857</b>	<b>(115,843)</b>

The net loan provision allocation on a collective basis totaled 1,783 thousand euros in 2012, compared with a net reversal of 14,602 thousand euros in 2011.

**NOTE 39. NET INCOME ON OTHER ASSETS**

	In thousands of euros	
	12.31.2012	12.31.2011
Tangible and intangible assets	(397)	(87)
• losses on disposals	(914)	(1,427)
• gains on disposals	517	1,340
Expenses related to business combinations	0	(2,977)
<b>Total</b>	<b>(397)</b>	<b>(3,064)</b>

**NOTE 40. INCOME TAX**

	In thousands of euros	
	12.31.2012	12.31.2011
Current income tax expense	(63,385)	(95,946)
Net deferred income tax expense	(60,850)	(17,363)
<b>Net income tax expense</b>	<b>(124,235)</b>	<b>(113,309)</b>
Income before taxes and income of companies accounted for under the equity method	289,714	399,988
<b>Effective tax rate</b>	<b>42.88%</b>	<b>28.33%</b>

Analysis of effective tax rate:	12.31.2012	12.31.2011
Normal tax rate	36.10%	36.10%
Permanent differences	5.80%	2.77%
Impact of tax rate on long-term capital gains ans tax relief	(4.11%)	(2.75%)
Impact of fiscal losses	3.24%	(5.84%)
Credit Tax	(2.51%)	(0.58%)
Exceptional items	3.80%	0.18%
Other	0.56%	(1.55%)
<b>Effective tax rate</b>	<b>42.88%</b>	<b>28.33%</b>





## NOTES ON GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

### NOTE 41A. INFORMATION ON THE RECYCLING IN INCOME OF GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

In thousands of euros

	Movements during 2012	Movements during 2011
<b>Cumulative translation differences</b>	<b>0</b>	<b>0</b>
• Reclassification to income	0	0
• Other movements	0	0
<b>Revaluation of available-for-sale financial assets</b>	<b>191,514</b>	<b>(57,988)</b>
• Reclassification to income	(1,109)	(3,513)
• Other movements	192,623	(54,475)
<b>Revaluation of hedging derivatives</b>	<b>(2,583)</b>	<b>(7,535)</b>
• Reclassification to income	2,938	2,745
• Other movements	(5,521)	(10,280)
<b>Revaluation of non-current assets</b>	<b>0</b>	<b>0</b>
• Reclassification to income	0	0
• Other movements	0	0
<b>Actuarial gains and losses on defined-benefit plans</b>	<b>(33,668)</b>	<b>0</b>
• Reclassification to income	0	0
• Other movements	(33,668)	0
<b>Share of unrealised or deferred gains or losses in equity method companies</b>	<b>(3,184)</b>	<b>733</b>
<b>Total</b>	<b>152,079</b>	<b>(64,790)</b>

### NOTE 41B. TAX ON EACH COMPONENT OF GAINS OR LOSSES RECOGNISED DIRECTLY IN EQUITY

In thousands of euros

	12.31.2012			12.31.2011		
	Gross	Tax	Net	Gross	Tax	Net
Cumulative translation differences	0	0	0	0	0	0
Revaluation of available-for-sale financial assets	293,265	(101,751)	191,514	(90,559)	32,570	(57,988)
Revaluation of hedging derivatives	(3,940)	1,357	(2,583)	(11,490)	3,954	(7,535)
Revaluation of non-current assets						
Actuarial gains and losses on defined benefit plans	(51,347)	17,679	(33,668)	NA	NA	NA
Share of unrealised or deferred gains or losses in equity method companies	(2,627)	(557)	(3,184)	(29)	762	733
<b>Total</b>	<b>235,351</b>	<b>(83,272)</b>	<b>152,079</b>	<b>(102,078)</b>	<b>37,286</b>	<b>(64,790)</b>





OTHER NOTES

NOTE 42. COMMITMENTS GIVEN AND RECEIVED

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Commitments given</b>	<b>8,856 820</b>	<b>10,897,693</b>
Financing commitments given	5,988,356	7,972,975
• To banks and financial institutions	100,607	93,801
• To customers	5,887,749	7,879,174
Guarantees given	2,500,686	2,681,428
• To banks and financial institutions	51,140	55,879
• To customers	2,449,546	2,625,549
Commitments on securities	367,778	243,290
• Repurchase agreements	0	0
• Other commitments given	367,778	243,290
<b>Commitments received</b>	<b>6,077,384</b>	<b>5,488,845</b>
Financing commitments received	3,237,798	2,935,438
• From banks and financial institutions	3,237,798	2,935,438
• From customers	0	0
Guarantees received	2,345,234	2,237,198
• From banks and financial institutions	558,210	522,207
• From customers	1,787,024	1,714,991
Commitments on securities	494,352	316,209
• Reverse repurchase agreements	0	0
• Other commitments received	494,352	316,209

Financing commitments given include the 100,500 thousand euros cash advance made to CRH to fund it.

	In thousands of euros	
	12.31.2012	12.31.2011
<b>Receivables pledged as collateral</b>	<b>7,732,617</b>	<b>7,516,216</b>
European Investment Bank	3,604,171	3,199,505
Caisse de Refinancement de l'Habitat	566,393	592,701
Société de Financement de l'Economie Française	2,674,521	2,511,692
Caisse des dépôts et consignations	625,113	231,241
Banque de France	262,419	981,077
<b>Securities lent</b>	<b>0</b>	<b>0</b>
<b>Deposits on market transactions</b>	<b>603,070</b>	<b>386,239</b>
<b>Securities sold under repurchase agreements</b>	<b>600,673</b>	<b>663,414</b>

For its refinancing activity, the group entered into repurchase agreements of debt and/or equity securities. These agreements involve the transfer of ownership of the securities, which the beneficiary may in turn lend out, with interest or dividends going to the borrower. These transactions are subject to margin calls and the group is exposed to the risk that the borrower may not return the securities.

As of December 31, 2012, the fair value of assets provided in repurchase agreements totaled 598 million euros.

NOTE 43. SEGMENT REPORTING

	In thousands of euros					
	Retail banking		Insurance and asset management		Group	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Internal income <sup>(1)</sup>	174,112	172,128	(174,112)	(172,128)	0	0
External income <sup>(2)</sup>	1,069,901	1,173,137	597,566	531,629	1,667,467	1,704,766
<b>Net banking income</b>	<b>1,244,013</b>	<b>1,345,265</b>	<b>423,454</b>	<b>359,501</b>	<b>1,667,467</b>	<b>1,704,766</b>
Operating expenses and allocations to amortisation	(1,130,869)	(1,073,549)	(130,644)	(116,794)	(1,261,513)	(1,190,343)
<b>Gross operating income</b>	<b>113,144</b>	<b>271,716</b>	<b>292,810</b>	<b>242,707</b>	<b>405,954</b>	<b>514,423</b>
Cost of risk	(110,879)	(98,515)	(4,964)	(12,856)	(115,843)	(111,371)
<b>Operating income</b>	<b>2,265</b>	<b>173,201</b>	<b>287,846</b>	<b>229,851</b>	<b>290,111</b>	<b>403,052</b>
Share of earnings of companies carried under equity method	3,358	5,406	0	0	3,358	5,406
Other	(397)	(3,062)	0	(2)	(397)	(3,064)
<b>Pre(tax income</b>	<b>5,226</b>	<b>175,545</b>	<b>287,846</b>	<b>229,849</b>	<b>293,072</b>	<b>405,394</b>
Income tax	(12,465)	(34,035)	(111,770)	(79,274)	(124,235)	(113,309)
<b>Net income</b>	<b>(7,239)</b>	<b>141,510</b>	<b>176,076</b>	<b>150,575</b>	<b>168,837</b>	<b>292,085</b>
Minority interests	(20)	1,621	749	308	729	1,929
<b>Net income, Group share</b>	<b>(7,219)</b>	<b>139,889</b>	<b>175,327</b>	<b>150,267</b>	<b>168,108</b>	<b>290,156</b>

	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
<b>Business line assets</b>	<b>60,606,891</b>	<b>57,034,945</b>	<b>30,292,617</b>	<b>26,943,639</b>	<b>90,899,508</b>	<b>83,978,584</b>

(1) Sectoral income arising on transactions with other sectors

(2) Sectoral income arising on sales to external customers

Segment reporting is based on two business lines:

- Retail banking includes primarily the branch networks of CMB, CMSO and CMMC, the subsidiaries that finance businesses and the real estate division of the group,

- The other business line comprises subsidiaries specialised in asset management and insurance.

An analysis by geographical region is not relevant for the group as nearly all of its business is carried out in France.



NOTE 44. INFORMATION ON RELATED PARTIES

The related parties of Crédit Mutuel Arkéa group are the consolidated companies including those companies consolidated using the equity method. Transactions between the group and its related parties are conducted at arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is contained in note 45. The transactions carried out and the outstanding balances at the end of the fiscal year

between fully consolidated companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the group exercises a significant influence (equity method of consolidation).

In thousands of euros		
	12.31.2012	12.31.2011
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Assets		
Loans and receivables due from banks	521,763	471,217
Loans and receivables due from customers		
Financial assets at fair value through profit or loss		
Available-for-sale financial assets		
Held-to-maturity financial assets		
Derivatives used for hedging purposes		
Other assets		
Liabilities		
Due to banks	20,000	20,000
Derivatives used for hedging purposes		
Financial liabilities at fair value through profit or loss		
Customer accounts		
Debt securities		
Subordinated debt		
Other liabilities		

(1) Mainly CCCM

In thousands of euros		
	12.31.2012	12.31.2011
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Interest and similar income	3,634	2,687
Interest and similar expense		
Fee and commission income		
Fee and commission expense		
Net gain (loss) on financial instruments at fair value through profit or loss		
Net gain (loss) on financial instruments available-for-sale	640	878
Income from other activities		
Expense from other activities		
Net banking income	4 274	3 565

(1) Mainly CCCM

In thousands of euros		
	12.31.2012	12.31.2011
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Financing commitments		
Financing commitments given		
Financing commitments received	244,000	244,000
Guarantees		
Guarantess given		
Guarantees received		
Commitments on securities		
Other securities to receive		
Other securities to deliver		

(1) Mainly CCCM



RELATIONS WITH THE MAIN CORPORATE OFFICERS OF CRÉDIT MUTUEL ARKÉA GROUP

The Board of Directors of Crédit Mutuel Arkéa currently consists of eighteen members appointed for three-year terms by the Regular Shareholders’ Meeting. Two representatives of the Central Employee Works Committee participate in the Board of Directors meetings as non-voting members.

Total remuneration allocated to members of the Board of Directors for 2012 is 698 thousand euros.

Details of the total compensation paid to key management personnel are provided in the table below.

	In thousands of euros	
	12.31.2012	12.31.2011
Short-term benefits	2,970	2,644
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Payment in shares		
Total compensation of key management personnel		

Total provisions registered by the group at December 31, 2012 in application of IAS 19 for post-employment benefits, other long-term

benefits and termination benefits amounted to 258 thousand euros.



NOTE 45. SCOPE OF CONSOLIDATION

Company name	Sector / Activity	Controlling %		Intérêts % Group	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
CRÉDIT MUTUEL ARKÉA + Fédérations + Caisses Locales du Crédit Mutuel de Bretagne, du Sud- Ouest et du Massif Central	Bank/Mutualist bank	Consolidating entity			
Full consolidated companies					
ARKÉA BANQUE ENTREPRISES ET INSTITUTIONNELS	Bank/Corporate banking	100.0	100.0	100.0	100.0
ARKÉA BANKING SERVICES	Bank/Banking services	100.0	100.0	100,0	100,0
ARKÉA CAPITAL GESTION	Insurances and asset management/Asset management	100.0	100.0	100.0	100.0
ARKÉA CAPITAL INVESTISSEMENT	Bank/Venture capital	100.0	100.0	100.0	100.0
ARKÉA CAPITAL PARTENAIRE	Bank/Venture capital	100.0	100.0	100.0	100.0
ARKÉA CRÉDIT BAIL	Bank/Leasing and finance lease	100.0	100.0	100.0	100.0
ARKÉA SCD	Bank/Services	100.0	100.0	100.0	100.0
BANQUE PRIVÉE EUROPÉENNE	Bank	100.0	100.0	100.0	100.0
CAISSE DE BRETAGNE DE CRÉDIT MUTUEL AGRICOLE	Bank/Mutualist bank	92.9	92.6	92.9	92.6
COMPAGNIE EUROPÉENNE D'OPÉRATIONS IMMOBILIÈRES	Bank/Carry trading	100.0	100.0	100.0	100.0
CRÉDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	Bank/Retail and specialised banking	100.0	91.0	100.0	91.0
CRÉDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE SCF	Bank Refinancing structure	100.0	100.0	100.0	91.0
CRÉDIT MUTUEL ARKÉA HOME LOANS SFH	Bank/Refinancing structure	100.0	100.0	100.0	100.0
CREDIT MUTUEL ARKÉA PUBLIC SECTOR SCF	Bank/Refinancing structure	100.0	100.0	100.0	100.0
FEDERAL EQUIPEMENTS	Bank/Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	Insurances and asset management/ Private bank and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	Insurances and asset management/Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	Bank/Services	97.1	97.0	97.0	97.0
FINANCO	Bank/Retail and specialised banking	100.0	100.0	100.0	100.0
FONCIÈRE INVESTISSEMENT	Bank/Real-estate	100.0	100.0	100.0	100.0
FORTUNEO	Bank/Financial and stock market intermediation	100.0	100.0	100.0	100.0
GICM	Bank/Services	100.0	100.0	97.0	97.0
INFOLIS	Insurances and asset management/Services	100.0	100.0	100.0	100.0
LEASECOM GROUP	Bank/Leasing and finance lease	95.0	95.0	95.0	95.0
LEASECOM	Bank/Leasing and finance lease	100.0	100.0	95.0	95.0
LEASECOM CAR	Bank/Leasing and finance lease	100.0	100.0	95.0	95.0
LEASECOM FINANCIAL ASSETS	Bank/Leasing and finance lease	100.0	100.0	95.0	95.0
MONEXT	Bank/Services	100.0	100.0	100.0	100.0
MONEXT HOLDING	Bank/Services	100.0	100.0	100.0	100.0
NOVELIA	Insurances and asset management/Non-life insurance	100.0	100.0	100.0	100.0
PROCAPITAL	Bank/Financial and stock market intermediation	100.0	100.0	100.0	100.0
SCHELCHER PRINCE GESTION	Insurances and asset management/Asset management	85.0	50.0	85.0	50.0
SOCIÉTÉ CIVILE IMMOBILIÈRE INTERFÉDÉRALE	Bank/Real-estate	100.0	100.0	100.0	100.0
SURAVENIR	Insurances and asset management/Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	Insurances and asset management/Non-life insurance	100.0	100.0	100.0	100.0
Investments accounted for under the equity method					
CAISSE CENTRALE DU CRÉDIT MUTUEL	Bank / Mutualist bank	21.4	21.4	21.4	21.4
CRÉDIT MUTUEL CARTES DE PAIEMENTS	Bank / Mutualist bank	25.0	25.0	26.7	26.6



#### NOTE 46. BUSINESS COMBINATIONS

In July 2011, Crédit Mutuel Arkéa, through its subsidiary Federal Finance, acquired control of Schelcher Prince Gestion, a financial asset management firm, through a 50.04% stake. The initial recognition of the business combination, which was provisional in 2011, became definitive in the first half of 2012. No change was made to goodwill recognised initially.

#### NOTE 47: REMUNERATION OF PARTNERSHIP SHARES

The consolidating entity plans to pay 49,833 thousand euros in dividends to non-Crédit Mutuel Arkéa group shareholders.

#### NOTE 48: EVENTS AFTER THE REPORTING PERIOD

No material events occurred subsequent to the December 31, 2012 close.





## 3.6 THE AGGREGATE FINANCIAL STATEMENTS AT DECEMBER 31, 2012

THE AGGREGATE FINANCIAL STATEMENTS ARE THE FINANCIAL STATEMENTS OF THE CONSOLIDATING ENTITY OF CRÉDIT MUTUEL ARKÉA, NAMELY THE CRÉDIT MUTUEL ARKÉA BANKING INSTITUTION. THEY INCLUDE THE FINANCIAL STATEMENTS OF THE CRÉDIT MUTUEL ARKÉA LEGAL ENTITY STRICTLY SPEAKING, THE FINANCIAL STATEMENTS OF THE LOCAL SAVINGS BANKS AND THE FINANCIAL STATEMENTS OF THE CRÉDIT MUTUEL DE BRETAGNE, CRÉDIT MUTUEL DU SUD-OUEST, AND CRÉDIT MUTUEL MASSIF CENTRAL FEDERATIONS. THE AGGREGATE FINANCIAL STATEMENTS MAY BE CONSIDERED TO BE THE PARENT COMPANY FINANCIAL STATEMENTS OF THE BANKING INSTITUTION, AND HAVE BEEN PREPARED IN ACCORDANCE WITH FRENCH GAAP.

### BALANCE SHEET

#### Balance sheet structure

As of December 31, 2012, total assets on the aggregate financial statements rose to €58.2 billion, compared with €55.4 billion in 2011 (+ 5.1%).

#### Shareholders' equity of the banking institution

Shareholders' equity totaling €4 billion consists of the stated capital (share capital, reserves...) and the Fund for General Banking Risks. Variable capital rose by 30.1% to €2 billion and consists almost entirely of the stated capital of the local savings banks

The Fund for General Banking Risks rose to €213 million compared with €193 million in 2011. The fund consists of amounts allocated to cover general risks as well as the federal fund, which comprises the local savings bank networks and provides support through financial solidarity mechanisms.

### BALANCE SHEET

In thousands of euros

Assets	12.31.2012	12.31.2011
Cash and amounts due from central banks	5,203,884	1,544,676
Treasury bills, notes and government bonds	16,642	26,366
Due from banks	20,159,234	21,910,481
Customer items	25,432,102	24,821,025
Bonds and other fixed-income securities	1,836,336	1,539,603
Equities and other variable-income securities	131,493	319,395
Investments in non-consolidated undertakings and equity securities held for long-term investment	62,535	62,250
Other participating interests	3,108,883	3,026,935
Intangible assets	234,754	236,635
Tangible assets	225,968	215,485
Other assets	1,007,988	707,511
Accrued income	792,587	950,575
<b>Total assets</b>	<b>58,212,406</b>	<b>55,360,937</b>

### Liabilities

Central banks		
Due to banks	14,304,856	10,458,485
Customer items	22,588,193	21,667,263
Debt securities	14,869,824	16,801,297
Other liabilities	957,712	811,907
Accrued expenses	943,035	1,251,618
Provisions for contingencies and charges	64,952	62,270
Subordinated debts	421,119	860,627
Reserves for general banking risks	213,234	192,861
Shareholders' equity	3,849,481	3,254,609
• Share capital	2,018,906	1,551,710
• Issue premium	4,906	4,906
• Retained earnings	1,635,227	1,545,538
• Regulated provisions and investment subsidy	9	0
• Carried forward	25,524	25,429
• Net income	164,909	127,026
<b>Total liabilities</b>	<b>58,212,406</b>	<b>55,360,937</b>

### OFF-BALANCE SHEET ITEMS

In thousands of euros

	12.31.2012	12.31.2011
<b>Commitments given</b>		
• Financing commitments	3,668,370	4,918,898
• Guarantees	1,680,215	1,826,436
• Commitments on securities	165,982	16,609
<b>Commitments received</b>		
• Financing commitments	2,988,798	2,665,252
• Guarantees	323,171	299,428
• Commitments on securities	104,989	61,828
<b>Financial futures and other forward agreements</b>	<b>34,176,891</b>	<b>30,701,304</b>



INCOME STATEMENT

Net income

Net income in the aggregate financial statements rose to €164.9 million.

Net banking income

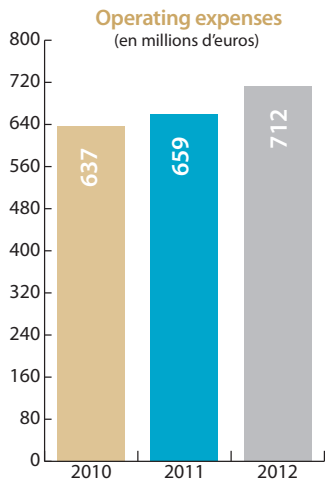
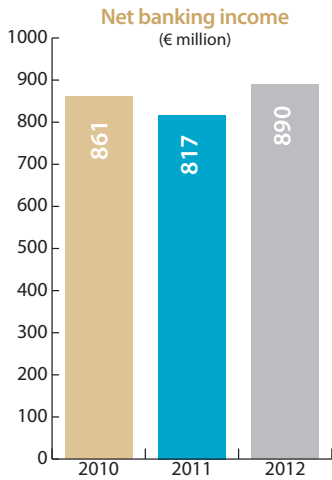
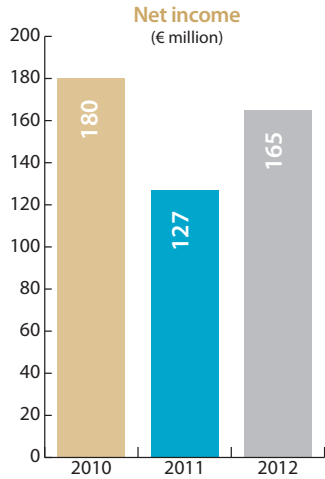
Net banking income in the aggregate financial statements rose to €889.7 million.

Dividend income rose by €34 million to €144 million.

Net fee income fell to €353.4 million.

Operating expenses

The operating expenses of the aggregate scope increased by €53.5 million to €712.4 million in 2012.



COST OF RISK

The cost of risk fell by €2.7 million to €41.1 million.

INCOME STATEMENTS

	In thousands of euros	
	12.31.2012	12.31.2011
Interest income and related revenues	2,085,047	1,850,054
Interest expense and related costs	(1,771,737)	(1,490,113)
Income on equities and other variable income instruments	144,048	110,052
Commissions (income)	401,123	413,548
Commissions (expense)	(47,684)	(39,109)
Net gains (losses) on trading account securities	(5,549)	(6,220)
Net gains (losses) on sales of securities available for sale	88,294	(25,749)
Other operating income arising from banking activities	4,370	9,412
Other operating expense from banking activities	(8,233)	(4,515)
Net banking income	889,679	817,360
Operating expense	(693,598)	(639,753)
Depreciation, amortization and provisions on tangible and intangible assets	(18,825)	(19,135)
Gross operating income	177,256	158,472
Net additions to provisions for credit risks	(41,103)	(43,815)
Operating income	136,153	114,657
Net income on other assets	(8,640)	(5,590)
Income before tax	127,513	109,067
Net non-recurring expense or income	(18,000)	3,437
Income taxes	75,770	8,241
Movements in the reserve for general banking risks and regulated provisions	(20,374)	6,281
Net income	164,909	127,026



# 4 RISK FACTORS



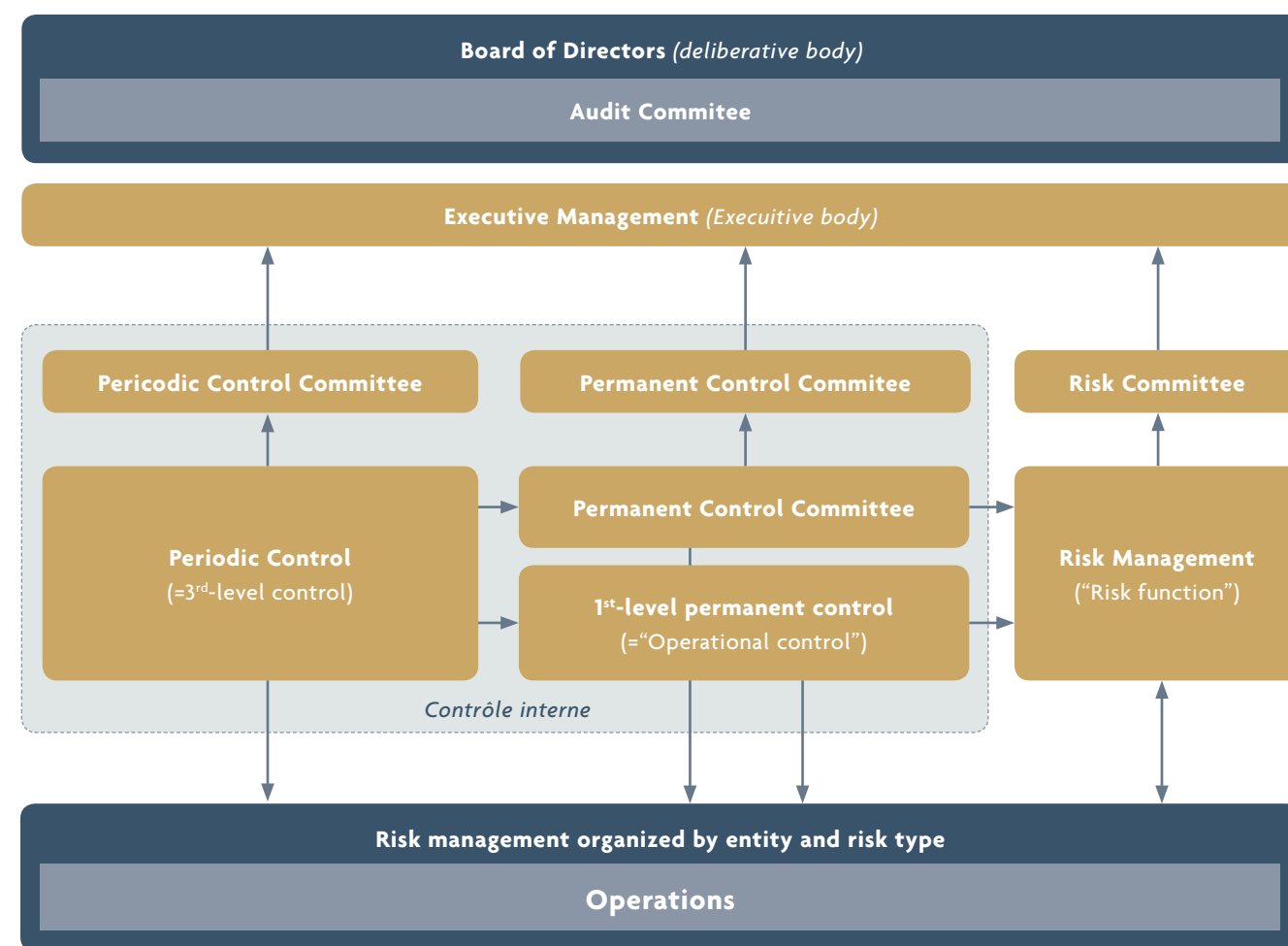


# CRÉDIT MUTUEL ARKÉA'S "RISK" FUNCTION

The organization of Crédit Mutuel Arkéa Group's "risk" function, established in mid-2010 following regulatory changes in this area, covers all risks for all Group entities. The uniformity and consistency of the systems

implemented across the entire scope of the Group's activities allow for true cross-functional management and consolidation of information on a Group-wide scale.

**The “risk” function fits into the overall risk management and internal control system, which is depicted below:**



Responsibility for Cr dit Mutuel Ark a Group's "risk" function is assigned to the Head of Risk Management of the parent company Cr dit Mutuel Ark a. Responsible for risk assessment and monitoring, he is not affiliated with the business lines and reports directly to the Head of the Development Support division, who in turn reports to the Group's Chief Executive Officer. The executive body

of each entity bears ultimate responsibility for risk management at the operating level, whether this entity's activities have been outsourced or not.

The Head of the Group's risk function is responsible for organizing the smooth operation of the risk function within the Group, ensuring that the Group's executive

and deliberative bodies receive the necessary information and overseeing and/or participating in the application of Group procedures in the risk function area.

Acting both upstream and downstream from the operational risk management by the entities, the Head of the Group's risk function monitors consolidated risks at the Group level. Using appropriate means and at timely intervals, results are submitted to the Group Risk Committee, the Group Executive Committee, the Audit Committee and the Board of Directors of Crédit Mutuel Arkéa. The Head of the risk function is supported in these endeavors by the network of risk function correspondents appointed at each Group entity (see below) and by a consolidated information system.

The consolidated view of risks is facilitated by governance of the risk function based on the same model regardless of which Group entity or risk is involved. Each Group entity, banking or non-banking, designates a risk function head for its scope as well as a head of risks by type.

This organization is built on functional ties at three levels:

- between the head of the Group's risk function and the head of the risk function of each entity;
- between the head of the risk function of each entity and the heads designated for each risk type within this entity;
- between the head of the Group's risk function and the heads of risk by type of Group risk.

This system makes it possible to verify that Crédit Mutuel Arkéa Group's risk exposure is consistent with the Group's risk management policy. This policy, which is defined in a reference document approved by the Group's Risk Committee, includes the Group's risk limits system, which is validated by the Group's Executive Committee and approved by the Board of Directors of Crédit Mutuel Arkéa.





# 4.1 CREDIT RISK

**CREDIT RISK INVOLVES THE RISK OF NON-REPAYMENT IN THE EVENT OF A DEFAULT BY A BORROWER OR BORROWERS CONSIDERED “A SINGLE BENEFICIARY” IN THE REGULATORY SENSE OF THE TERM.**

## 4.1.1 CUSTOMER CREDIT RISK

### 4.1.1.1 Selection, limits and monitoring procedures

#### Risk selection system

Loans are granted using the loan granting procedures specific to each lending entity within the Group. These procedures are based on the master procedures set for the entire Group. The Group's Credit Committee has the last word on financing requests that exceed the specific limits of each network, while at the same time complying with the limits set by the Board of Directors of Crédit Mutuel Arkéa.

The various loan approval procedures for the Group's entities use internal ratings as their fundamental parameter by adjusting lending authorizations or even ruling out any possibility of financing. Crédit Mutuel Arkéa has designed and maintains an internal rating system that applies to all of Crédit Mutuel and serves as the basis for granting loans to customers.

The procedures are based on detailed analyses of the borrowers' creditworthiness and ability to repay the loans requested. Due diligence is systematically performed for loans to individuals: registration with the French National Database on Household Credit Repayment Incidents (FICP), verifications of suspended banking privileges, payment incidents and overdue payments.

Regarding financing for businesses and companies, the customary procedure involves additional due diligence using external elements such as: Banque de France ratings, Banque de France risk centralization, Banque de France overdue payments, existence of bankruptcy proceedings and any court rulings regarding officers and directors.

#### Monitoring of customer outstandings

Various software applications are provided to the operators to secure the granting of loans and risk monitoring on customer loans:

- **Granting and monitoring of lending decisions:** When a loan request is made, the requisite level of authorization is automatically indicated and archived, which enables ex post control of compliance with authorizations.
- **Collateral requirements:** Crédit Mutuel Arkéa's collateral policy includes several categories of collateral, thereby reflecting the Group's commitment in this area above and beyond regulatory requirements. The IT system integrates these internal rules and thereby complements the system for securing the loan issuance process by orienting and facilitating the taking of collateral and by automatically generating the contracts and related correspondence.
- **Monitoring of doubtful outstandings:** This application automatically forces managers of loans and advances identified as sensitive to provide an explanation of any situations involving doubtful or overdue status. This information is then automatically routed to the various management levels, which provide any additional comments. These explanations are reviewed in detail by the risk management units and are stored for later retrieval.

- **Internal ratings downgrades:** When ratings downgrades of more than three notches occur, they are notified to the portfolio managers in the networks.
- **Interfederal risk:** The internal notification within Crédit Mutuel of payment defaults by common business customers is effective. A payment default results automatically in the assignment of an E+ rating and the classification in doubtful loans (E-) after at most one month, barring any favorable information.

#### Reporting

A scorecard for customer credit risk is established monthly and sent to the members of Crédit Mutuel Arkéa's Executive Management. The main indicators are calculated by market and by Group entity.

The Group's Commitments Committee meets approximately once every quarter to review the main sensitive, doubtful or disputed loans, which are also systematically reviewed by the appropriate units in each Group entity.

A summary is provided at each Crédit Mutuel Arkéa Board of Directors meeting, as well as an update on compliance with credit limits.

Lastly, the Group's credit risk system is also presented to the Group Risk Committee, which meets quarterly.





4.1.1.2 Breakdown of loans

Outstanding customer loans

As of December 31, 2012, Crédit Mutuel Arkéa had €50.3 billion in outstanding loans to customers, both on- and off-balance sheet. Loans recognized on the balance sheet – principal and related interest included – totaled €42.1 billion, up 3.5% relative to end-2011.

These loans have been granted for the most part to moderate-risk customer segments, generally in limited amounts per loan. Home mortgage loans account for more than half of total outstandings. The density of the bank's regional networks also favors a good understanding of the commitments.

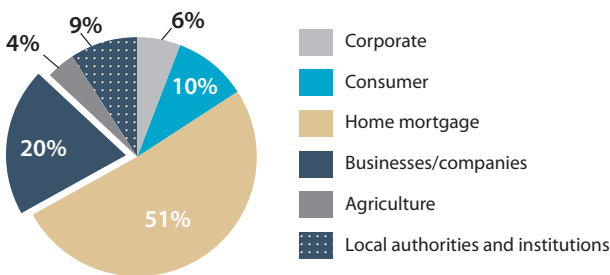
Diversification of outstanding customer loans

The diversification of the customer loan portfolio is satisfactory from a risk perspective, whether measured by type of counterparty or business sector.

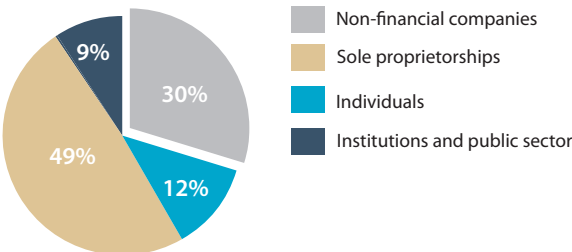
Outstandings to individuals account for nearly half of gross outstandings on the balance sheet

The gross exposure (on- and off-balance sheet outstandings) of businesses and companies totaled €17.5 billion (or 36% of customer commitments). Excluding sole proprietorships, the most highly represented sectors included retail and agriculture (each with 12.9%).

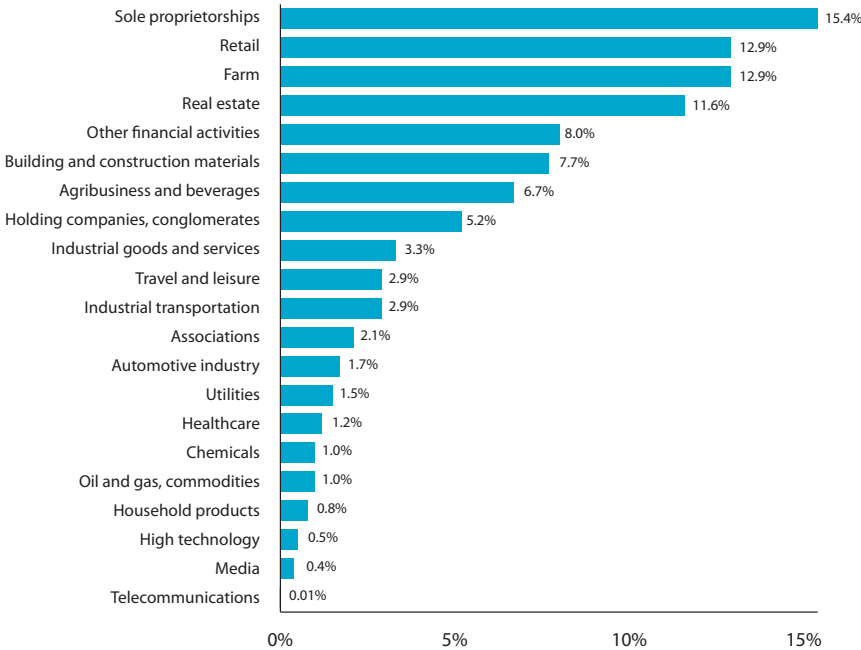
Breakdown of outstanding loans on the balance sheet



Gross total loans outstanding on the balance sheet by type of counterparty



Breakdown of gross exposure (on- and off-balance sheet outstandings) of business and companies by sector

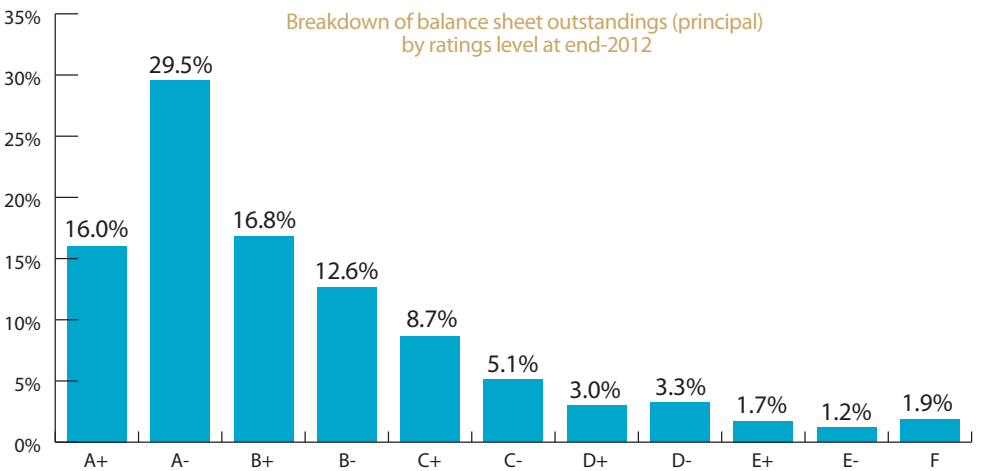


The portfolio's credit risk quality

The credit risk quality of the customer loan portfolio is determined using an internal rating for customers.

The internal rating of a customer at a given point in time corresponds to an assessment of the risk that this customer might not

satisfy his repayment commitments during the next 12 months. Updated daily to take into account potential risk events, this ratings system comprises 11 ratings, from the highest of A+ (lowest risk) to the lowest of F (highest risk). The internal ratings E- and F correspond to doubtful and disputed loans, while the nine other ratings comprise performing loans.



Performing loans accounted for 96.9% of total outstandings, while doubtful and disputed loans (E- and F ratings) accounted for 3.1% (loan outstandings in principal only).

The amount of doubtful and disputed loans totaled €1,521 million (including interest) as of December 31, 2012, up 7% from €1,421 million the previous year. The ratio of doubtful and

disputed loans (including interest) to total outstandings rose slightly to 3.6%, compared with 3.5% at end-2011.

PRESENTATION OF DOUBTFUL AND DISPUTED LOANS

Markets	2011		2012	
	Amount (€ m)	%	Amount (€ m)	%
Individuals	599	42%	620	41%
Non-financial companies	622	44%	687	45%
Sole proprietorships	200	14%	214	14%
Total	1,421	100%	1,521	100%



### 4.1.1.3 Provisioning and cost of risk

#### Provisioning

Provisioning of risk on customer loans includes doubtful and disputed loans (internal ratings of E- or F) and loans rated E+.

The first case involves allocated provisions. Their assessment is based on rules applied automatically to doubtful and disputed loans to individuals in the Crédit Mutuel networks as well as doubtful and disputed loans to individuals at Financo. The assessment is based on a case-by-case evaluation of the chances for collection for all of the Group's doubtful or disputed loans.

In the second case, the estimate of the so-called collective provision is based on a statistical observation of default rates and losses incurred in the event of a default.

Given an unstable economic outlook, Crédit Mutuel Arkéa adopted a very conservative approach to customer credit risk in 2012. The provisioning rate for doubtful and disputed loans (principal and interest) was 57.2% at end-December 2012, up from 55.6% the previous year. The respective rates were 60.3% for companies, 54.2% for sole proprietorships and 54.8% for individuals.

The provisioning rate for loans rated E+ remained stable overall. It was 10.1% at end-2012, compared with 10.3% the previous year.

#### Cost of risk (net provision allocations + losses not covered by provisions)

The total cost of risk on customer loans, including the collective provision, was €101.9 million in 2012, up from €99.7 million in 2011. The total cost in 2012 corresponds to a cost of risk on downgraded loans of €103.7 million and a €1.8 million reversal on the collective provision.

The cost of risk on doubtful and disputed loans increased in the individuals and agriculture markets and fell slightly for the portfolio of loans to companies.

As a percentage of gross customer outstandings, total cost of risk was stable relative to the previous year at 0.24%.

#### Recognition of cost of risk in rate setting

The cost of risk for lending is factored into the financial terms offered to customers using a two-part approach based on Basel II standards:

- The average or “expected” cost of risk is added to the cost of the loan.
- The exceptional or “unexpected” cost of risk is added to the estimate of the economic capital used for each credit transaction under Basel II standards.



### 4.1.2 MARKET COUNTERPARTY CREDIT RISK

#### 4.1.2.1. Group-wide limits system

Crédit Mutuel Arkéa uses a unit limit system per counterparty type (or group of related counterparties) within the meaning of CRBF Regulation 93-05, which applies to proprietary and third-party activities (funds and life insurance), with a Chinese wall between these activities for individual limits per counterparty.

Unit limits are re-examined at least once a year by the Board of Directors of Crédit Mutuel Arkéa and set by the internal ratings of the counterparties.

Unit limits are set according to three major categories:

- sovereigns (States), public sector, supranationals and secured debts;
- banks and insurance (senior and subordinated debts);
- major accounts (large corporations), mortgage companies, and local authorities.

Individual amount and term limits are set for proprietary market activities, primarily based on the Group's shareholders' equity and the counterparty's fundamentals (shareholders' equity, debt, and ratings).

Limit requests for a given counterparty are reviewed by Crédit Mutuel Arkéa's Counterparties Committee, which bases its decision on informed opinions of the Risk department, which is responsible for the analysis, monitoring and second-level control, while the first-level control is performed by the entities carrying the counterparty outstandings.

All financial market transactions that create credit risk exposure for the Group must involve an issuer approved by the Counterparties Committee.

Requests to raise a limit between two reviews are handled by the Crédit Mutuel Arkéa Board of Directors.

#### 4.1.2.2 Reporting

A scorecard of risks on capital market transactions is established monthly and forwarded to Crédit Mutuel Arkéa's General Management Committee. This scorecard includes a status update on compliance with credit risk limits.

The status of market transaction credit risk is reviewed on a regular basis by the Counterparties Committee.

Compliance with credit limits is reviewed at each Crédit Mutuel Arkéa Board of Directors meeting.



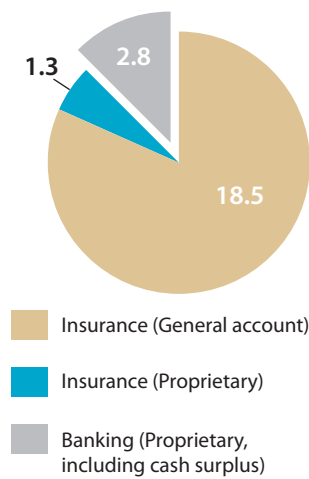


4.1.2.3 Breakdown of credit risk on market counterparties

For the full scope

The Group's fixed-income investment portfolio totaled €22.7 billion as of December 31, 2012, broken down as follows:

Breakdown by market counterparty (€ billions)



The Group has direct credit risk exposure only on the proprietary portfolios for insurance (€1.3 billion) and banking (€2.8 billion). In the case of the banking portfolio, credit risk exposure results primarily from the proprietary investment activity and the reinvestment of the cash surplus, with a substantial amount (€1.2 billion) arising from transactions involving Crédit Mutuel Group entities.

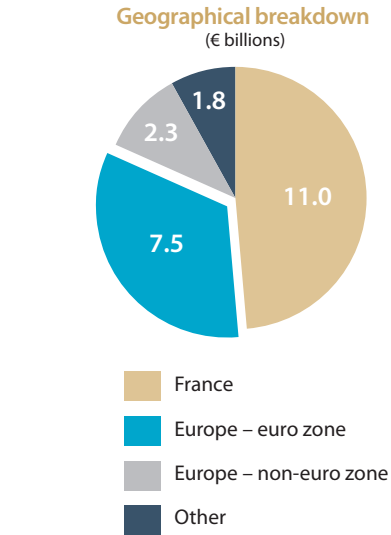
Meanwhile, credit risk on the €18.5 billion of investments included in the insurance company Suravenir's general account is borne primarily by policyholders through the return they receive on euro-denominated funds.

With respect to its counterparties risk assessment, Crédit Mutuel Arkéa relies on its own internal rating system as well as on the ratings produced by rating agencies.

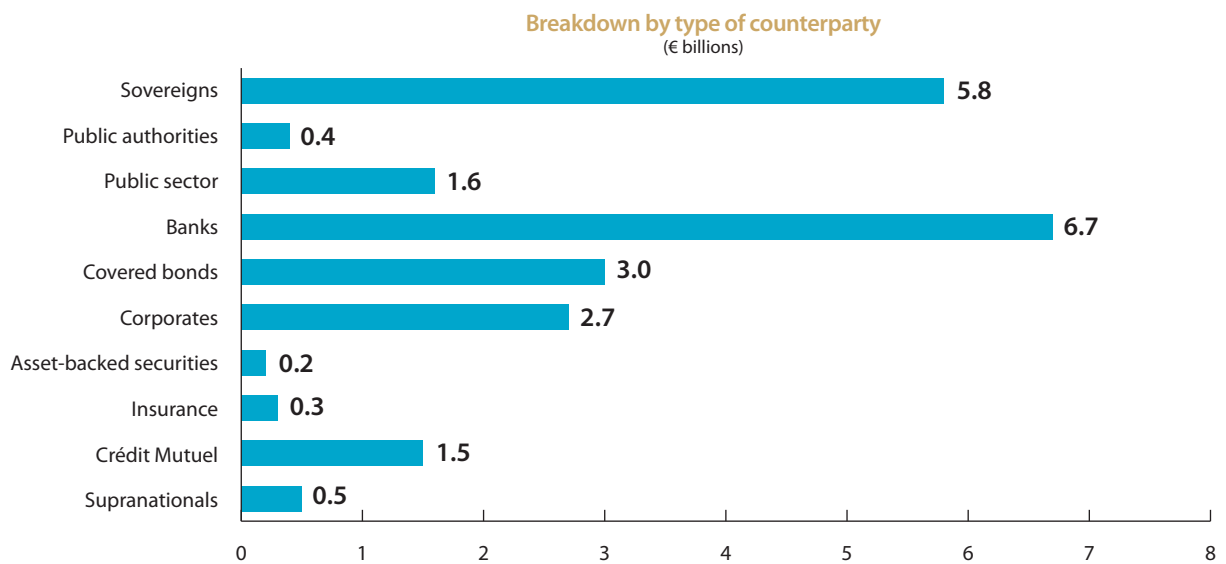
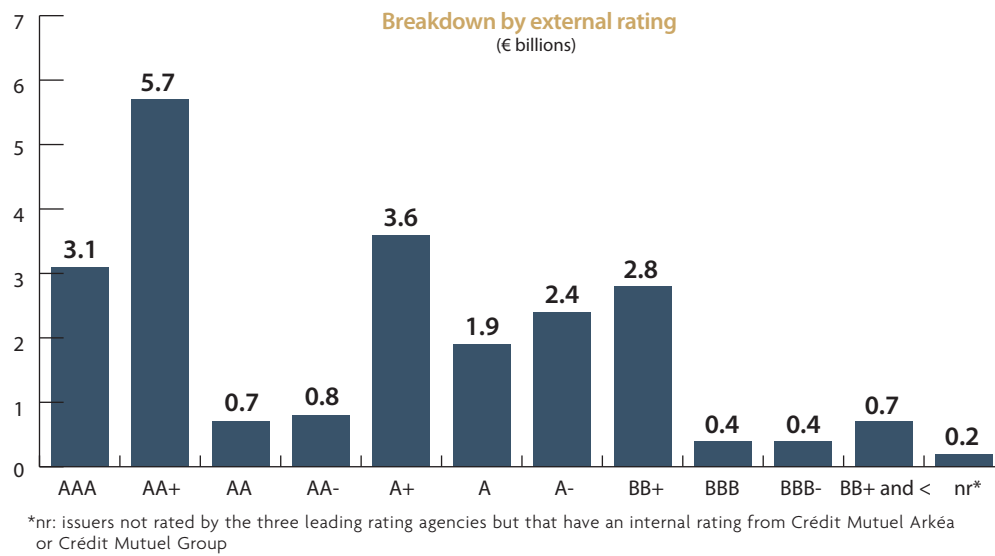
The concentration of commitments on the highest-rated issuers is evidence of the Group's conservative approach to risk management, since 80% of the outstandings on market counterparties are with issuers rated between AAA and A by the rating agencies. Only 4% of the portfolio is rated non-investment grade (external rating less than or equal to BB+) or unrated by the rating agencies.

Geographically, most counterparties are located in Europe (92% of the outstandings) and notably in France (49%).

The bulk of Crédit Mutuel Arkéa's investments are in the banking sector (outstandings with banks, covered bonds and Crédit Mutuel Group entities: 50% of the total).

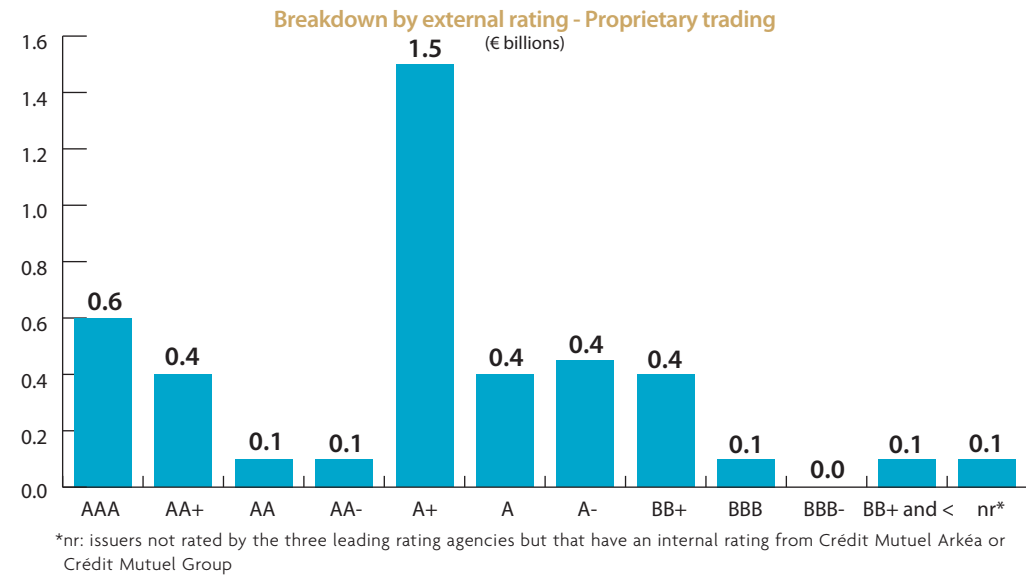


Of those banking counterparty investments, 83% involve issuers rated by external rating agencies (ratings between AAA and A) and 46% are with French banking counterparties.





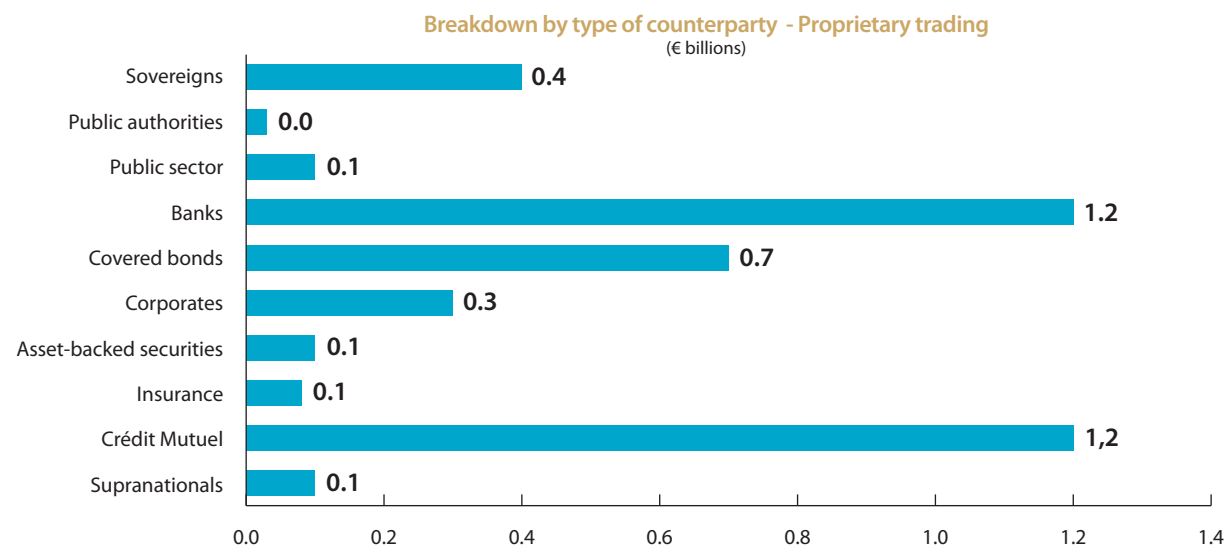
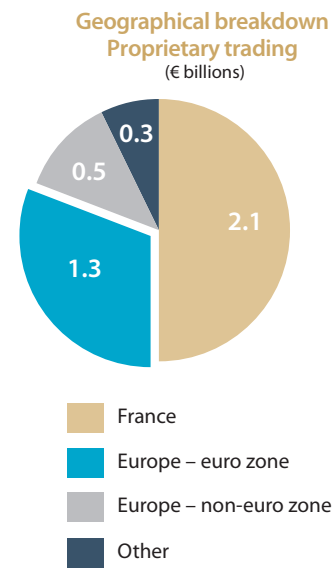
For the proprietary trading scope (insurance and banking)



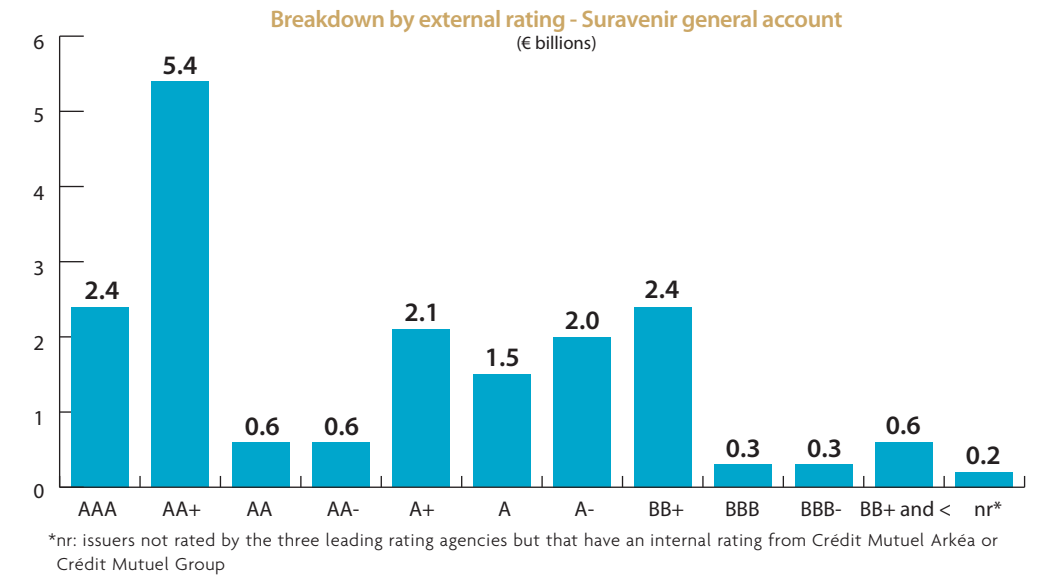
**The €4.2 billion in proprietary insurance and banking investments**, which in the case of banking investments also include the reinvestment of the cash surplus, are made primarily with issuers that have the highest external ratings. 84% are rated between AAA and A.

93% of the investments for this scope involve European issuers, and 52% are with French issuers.

75% of the investments are made with banking counterparties, and mainly with Crédit Mutuel entities.



For the scope of Suravenir's general account

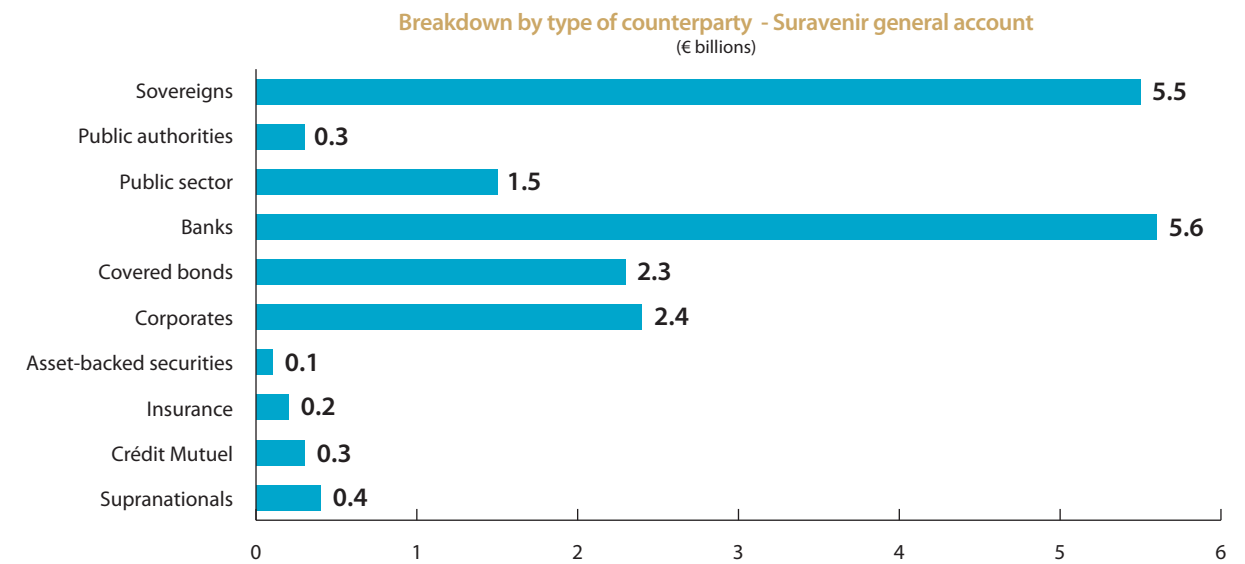
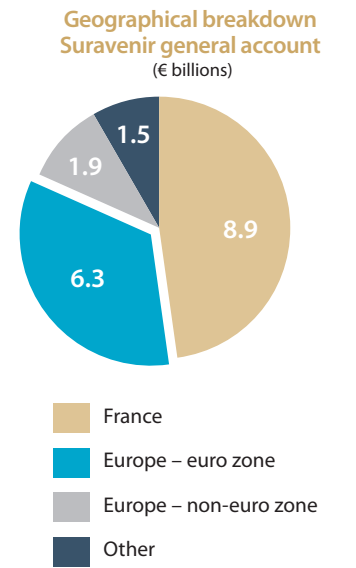


**The insurance company Suravenir's general account** is invested mainly with issuers that have the highest external ratings: 79% of these issuers are rated by the agencies between AAA and A.

Geographically, the general account is mainly invested with European issuers (92%).

From a sector standpoint, the insurance company's general account is invested in two main sectors:

- banking (banks, covered bonds and Crédit Mutuel Group entities) for 44%;
- sovereigns, supranationals, public authorities and public sector for 42%.







4.1.2.4 Focus on the exposure to sovereign debt risk in countries that have benefited from a European Union support package

In 2012, financial markets continued to show concerns over the ability of certain euro zone countries to honor their future debt repayments.

Portugal and Ireland therefore continued to receive support packages established in conjunction with the European Union and the IMF in 2010 and 2011 in order to ensure their refinancing, while Greece was establishing a sovereign bond exchange program aimed at restructuring its debt.

In this environment, Crédit Mutuel Arkéa reduced its debt exposure to these sovereigns. The €99 million in exposure to Greek sovereign debt at end-2011, which was carried solely by the insurance companies (general account and proprietary account) was therefore sold in its entirety, as was the €84 million in exposure to Portuguese sovereign debt held as investments by the insurance companies (general account only).

The residual exposures to the two sovereigns Portugal and Ireland are presented in the table below. This exposure mainly involves investments held by the insurance companies on Irish sovereign debt, as Crédit Mutuel Arkéa’s proprietary investments are more limited and consist of guarantee commitments for funds marketed by the asset management subsidiary Federal Finance.

SOVEREIGN DEBT EXPOSURE <sup>(1)</sup> IN € MILLIONS AS OF DECEMBER 31, 2012 (FACE VALUE)

	Insurance company investments (general account)	Insurance company investments (proprietary account)	Proprietary investments <sup>(2)</sup> (bank)
Portugal	-	-	20
Irlande	309	-	15
<b>Total</b>	<b>309</b>	<b>-</b>	<b>35</b>
Part de ces 2 souverains dans les investissements totaux	1.7%	0.0%	1.2%

(1) Sovereign debt (excluding State-backed securities)  
(2) Banking: exposures limited to off-balance-sheet commitments carried by Crédit Mutuel Arkéa in connection with the guarantee provided by the Group on Federal Finance guaranteed funds

The breakdown by maturity of outstandings on these States shows that the investments are focused mainly on medium- and long-term maturities.

	(€ millions)					
	< 1 year	1 to 2 years	2 to 5 years	5 to 10 years	> 10 years	Total
<b>Portugal</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>20</b>
Insurance (General account)	0	0	0	0	0	0
Proprietary accounts (bank and insurance)	0	0	20	0	0	20
<b>Ireland</b>	<b>0</b>	<b>6</b>	<b>14</b>	<b>284</b>	<b>20</b>	<b>324</b>
Insurance (General account)	0	0	5	284	20	309
Proprietary accounts (bank and insurance)	0	6	9	0	0	15
<b>Total</b>	<b>0</b>	<b>6</b>	<b>34</b>	<b>284</b>	<b>20</b>	<b>344</b>
Insurance (General account)	0	0	5	284	20	309
Proprietary accounts (bank and insurance)	0	6	29	0	0	35

The above-mentioned exposures in terms of face value break down as follows in terms of their net exposure (carrying amount following impairment charge for counterparty risk and recognition of capital gains or losses, net of hedges and after taking into account the share of deferred income payable to policyholders for the insurance portion) in the financial statements of Crédit Mutuel Arkéa Group (excluding recognition of off-balance-sheet exposures):

	(€ millions)					
	<1 year	1 to 2 years	2 to 5 years	5 to 10 years	> 10 years	Total
<b>Portugal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ireland</b>	<b>0</b>	<b>0</b>	<b>0.4</b>	<b>20.3</b>	<b>1.4</b>	<b>22.1</b>

4.1.2.5 Focus on exposure to structured assets in the proprietary account of the banking scope

Exposure to structured assets is being gradually reduced, as the portfolio is in effect being wound down, with no further investments since 2008. Outstandings involving these assets therefore fell accordingly in 2012.

- Outstandings for guaranteed capital CDOs (the only non-guaranteed CDO still held with an amount of €2.3 million has been fully provisioned since 2009) were unchanged at €39.3 million in 2012.
- Outstandings involving securitizations (CMBS, RMBS, CLO and ABS) fell from €213 million to €132 million as of December 31, 2012. The securitization portfolio's average credit rating remained satisfactory, since 65% of outstandings still had an external rating of A or higher.

4.1.3 STRESS TEST

The decree of February 20, 2007, on capital adequacy requirements applicable to credit institutions and investment firms (transposing the June 14, 2006, European Directives 2006/48/EC and 2006/49/EC on capital adequacy requirements (CRD)) requires that institutions governed by the decree "perform a credit risk stress test in order to assess the impact of the assumptions on their total capital requirements for credit risk."

The main methods and stress test assumptions are being defined at the Crédit Mutuel Group level. They apply to Crédit Mutuel Arkéa and are being defined as part of the work on Pillar 2 of the Basel II regulations.

Crédit Mutuel Arkéa performs stress tests on its banking scope, i.e., all Group entities excluding the insurance sector, to assess the impact on capital adequacy requirements. Two scenarios are tested:

- a one-notch downgrade in internal ratings (with no resulting defaults);
- an increase in default probabilities (25%, 50%, or 100%).

These stress tests are performed for the "bank" and "retail customer" portfolios, and since end-2012 for the "companies" portfolio, for which the use of internal ratings is authorized by the French prudential control authority (Autorité de contrôle prudentiel). Results were as follows:

Assumption	Change in capital adequacy requirements		
	2012*	2011	2010
One-notch ratings downgrade	+9.9%	+7.2%	+7.8%
100% increase in default probability	+10.1%	+7.5%	+8.7%
50% increase in default probability	+4.4%	+4.2%	+4.7%
25% increase in default probability	+2.3%	+2.2%	+2.5%

(\*) At end-2012, the application scope of these scenarios also included the "companies" portfolio, in contrast to previous years when the scope was limited to the "banks" and "retail customers" portfolio.

The regulatory capital adequacy requirements for credit risk under Basel II totaled nearly 1.9 billion. The certification obtained in 2012 with respect to the internal ratings system for the "companies" portfolio now makes it possible to use internal parameters (default probabilities and loss given default) in the assessment of capital adequacy. The calculation on this portfolio includes a temporary floor equal to 85% of the capital requirements assessed using the standard method. The only scenarios to have an impact greater than this floor are those of a one-notch ratings downgrade or a doubling of default probabilities, and they account for the greater relative change observed since 2011.

The €1.5 billion surplus core capital observed in the solvency ratio at end-2012 is largely sufficient to cover the maximum impact observed in the above-mentioned stress tests (€190 million).

4.2 MARKET RISKS

MARKET RISK, OR PRICE RISK, STEMS FROM UNFAVORABLE CHANGES IN MARKET PARAMETERS THAT AFFECT THE VALUE OF FINANCIAL INSTRUMENTS RECOGNIZED ON THE BALANCE SHEET.

Crédit Mutuel Arkéa is exposed primarily to significant spread, interest rate, exchange rate and equity price risks. Its options risk is limited to interest rate options and remains low.

With respect to the banking scope, Crédit Mutuel Arkéa's market risk arises mainly in the proprietary investment portfolio, which is currently being wound down, and secondarily in the portfolio of high quality liquid assets currently being created, short-term investments related to the management of cash surpluses and the regulatory trading portfolio.

4.2.1 ORGANIZATION AND RISK MONITORING

Organization

Crédit Mutuel Arkéa executes market transactions by way of a trading floor that reports to the Financial Markets Department and is organized around three activities: refinancing, proprietary trading (currently being wound down) and customer trading. The Back Office department is responsible for account-keeping and transaction settlement. The Risk Department is responsible for the valuation of positions, the assessment of the management result and market risks and the calculation of capital requirements. Each step in processing transactions is subject to permanent control in accordance with regulations.

Monitoring

Crédit Mutuel Arkéa's Board of Directors, acting on the recommendation of the Chief Executive Officer and following a meeting of the Group Risk Committee, sets the overall framework for the level of involvement in capital markets activities each year. The detailed limits framework is then determined by the executive body after a review by the Group Risk Committee. The limits system is based on exposure limits, sensitivity indicators and capital adequacy requirements. In 2012, the limits related to the proprietary trading portfolio were again reviewed in keeping with the policy adopted by Crédit Mutuel Arkéa's Board of Directors in 2007 to wind down this portfolio. The scope of sensitivity limits to changes in interest rates and spreads was extended to Crédit Mutuel Arkéa's cash investments and highly liquid assets acquired to satisfy new liquidity regulations provided for by the Basel III system.

The limits system is rounded out by a procedure to approve new products, which gives rise to a list of instruments authorized for trading.

A committee to monitor proprietary investment trading consisting of representatives from the Financial Markets, Back Office, Financial Steering and Risk Management departments meets quarterly to review changes in the results and risk profile of the proprietary trading portfolio.





In the fourth quarter of 2012, Crédit Mutuel Arkéa established the LCR Committee for the purpose of proposing management strategies for acquiring high-quality liquid assets and to monitor the subsequent results and inherent portfolio risks. The Committee comprises representatives from the Financial Markets and Risk departments; it is chaired by the Deputy Head of the Development Support division and meets quarterly.

Reporting to the executive body

The Risk department provides the operating departments with daily reports on the consumption of limits for market activities. In the event the limits are exceeded, a notification procedure for the executive body is activated. The Risk department also prepares consolidated risk positions for the executive body on a monthly or quarterly basis as the case may be.

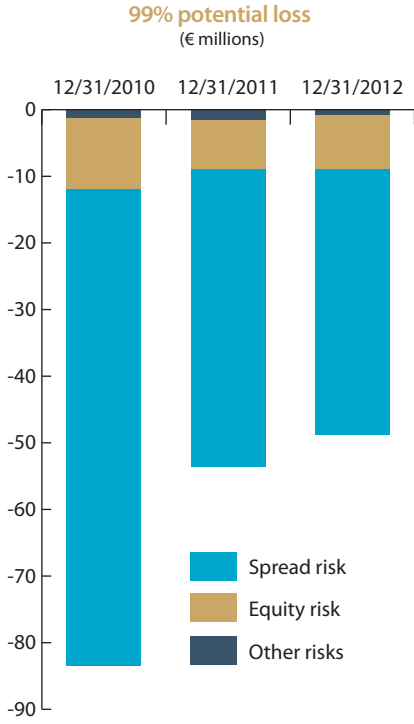
Reporting to the deliberative body

A monthly market activities report is submitted to Crédit Mutuel Arkéa’s Board of Directors. It includes a presentation of exposures, results, risk indicators and an update on compliance with limits set by the Board.

The consolidated risk situation, including market risk, is also presented semi-annually to the Audit Committee of Crédit Mutuel Arkéa.

4.2.2 ASSESSMENT

The valuations used to assess risks are obtained using various methods ranked by order of importance. If the asset is listed on an active market, fair value is determined using the list price. If no such listing is available, the price is obtained using market valuation techniques based on observable market data. In rare cases, for more sophisticated products, specialized appraisers are brought in to complement the internal valuation. The valuations derived from models may be adjusted in order to take liquidity risk into account.



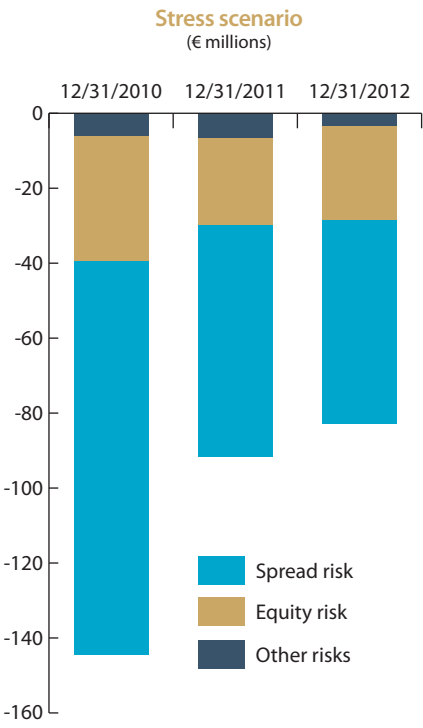
Changes in the value of Crédit Mutuel Arkéa’s trading portfolios (fair value changes shown through profit and loss) and available-for-sale (AfS) portfolios are controlled by sensitivity limits. These daily measurements of sensitivity to standardized and modest fluctuations in spreads, interest rates and volatility are accompanied by a monthly calculation of potential loss on the proprietary portfolio currently being wound down. The scenarios applied correspond to relative or absolute changes for a given period for each risk factor, with a 99% probability over sliding periods that range from 8 to 27 years, depending on the risks.

The bond and securitization portfolios contain nearly all the market risk because of the spread risk, as the interest rate risk was hedged.

99% POTENTIAL LOSS AS OF 12/31/2012

(€ millions)				
Risk	Scenario	Horizon	Exposure	Potential loss
Interest rate	18% decrease <sup>(1)</sup>	1 month	1,104	(0.5)
Equity	17% decrease <sup>(1)</sup>	1 month	48	(8.1)
Currency	8% increase/decrease <sup>(1)</sup>	1 month	3	(0.2)
Spread	60 bp increase on sovereigns	1 month	5	(0.1)
	150 bp increase on euro financials	6 months	516	(30.0)
	275 bp increase for financial subordinated redeemable securities			
	380 bp increase on US financials			
	215 bp sincrease on corporates	6 months	43	(0.5)
	410 bp increase on securitizations	6 months	108	(9.2)

(1) in relative value



Crédit Mutuel Arkéa chose not to assess its capital adequacy requirements for market risk using an internal model. As a result, it is not subject to the requirements of Article 349 of the Decree of February 20, 2007 on stress tests. Nevertheless, it does perform stress tests by risk factor. For each of the risk factors used, the stresses applied correspond to the most severe changes recorded over a one-year period in the benchmark historical horizon, which ranges from 8 to 27 years depending on available data.

The wind-down management policy adopted in 2007 led to a significant drop in proprietary investment portfolio outstandings, which totaled €1.4 billion at end-2012, compared with €7.2 billion as of December 31, 2007. In 2012, this policy resulted in a €353 million drop in portfolio investments, including €331 million in investments that reached

maturity. This reduced exposure combined with the further passage of time resulted in a nearly 10% reduction in the potential overall impact of the above-mentioned scenarios relative to 2011, in particular with respect to the spread risk attached to the bond and securitization portfolio.

(€ millions)

99% POTENTIAL LOSS AS OF 12/31/2012			
Risk	Scenario	Exposure	Potential loss
Interest rate	Potential	1,104	(2.5)
Equity	(52%) <sup>(1)</sup>	48	(25.0)
Currency	+/- 29% <sup>(1)</sup>	3	(0.9)
Spread	+ 140 bp increase on sovereigns	5	(0.3)
	+ 200 bp increase on euro financials	516	(38.5)
	+ 360 bp increase on financial subordinated redeemable securities		
	+ 570 bp increase on US financials		
	+ 250 bp increase on corporates	43	(0.6)
	+ 725 bp increase on securitizations	108	(15.1)

(1) relative value

The high-quality liquid assets portfolio under construction since October totaled €318 million as of end-December 2012, of which €35 million in Level 1 assets and €283 million in Level 2 assets. The portfolio's interest rate risk is systematically hedged. As of December 31, 2012, only an insignificant spread risk remained due to the size of the portfolio and the quality of its assets.

The market risk of the trading portfolio, which consists of fair value positions through profit and loss (except for options), is subjected to a VaR measurement for information purposes, as it was not audited by the statutory auditors.

The method applied uses a full revaluation of positions based on a one-year history. The model is calibrated with a 99% confidence interval and a timeline of 10 business days. For 2012, the VaR amount fluctuated between a maximum of €2.4 million in October and a minimum of €1.0 million as of December 31, 2012 (of which €0.8 million solely for interest rate risk and €0.2 million for spread risk). Compared with 2011, this VaR was lower overall (€1.7 million on average in 2012 compared with an average of €3.6 million in 2011), which reflects the net reduction in the trading portfolio's exposure.

## 4.3 STRUCTURAL INTEREST RATE AND LIQUIDITY RISKS

### 4.3.1 ORGANIZATION

The ALM function strives to manage the Group's key balance sheet ratios over a medium- to long-term horizon. In addition to allocating capital, its duties consist of measuring, monitoring and making recommendations to optimize liquidity and interest rate risk.

The ALM function is exercised jointly by a central entity responsible for Crédit Mutuel Arkéa (as a Group and on a parent company basis) and by the finance departments of the banking subsidiaries, which carry out their activity within the limits set by the Group. Insurance risks are managed at the level of the insurance companies, under the supervision of the Group ALM Committee.

#### Indicators produced by the ALM function are submitted to:

- the Group ALM Committee, which provides strategic management and controls the exposure of the Group and its constituent entities. This committee meets at least twice a year;
- The Treasury committees of the Group and its subsidiaries, which are responsible for the daily ALM of the corresponding credit institution, by delegation of authority and based on guidelines defined by the Group ALM Committee. The Group Treasury Committee meets monthly.

The ALM limits are set annually by the Board of Directors of Crédit Mutuel Arkéa on a recommendation from the Group ALM Committee.

### 4.3.2 INTEREST RATE RISK ON THE BANKING AND INSURANCE PORTFOLIO

Interest rate risk involves the risk of changes in interest rates affecting present and future results. It is caused by a difference in rates or of benchmark indices between the sources and applications of funds.

#### Banking portfolio

Interest rate risk is assessed, monitored and managed for the consolidated banking scope and for each entity within that scope. All balance sheet and off-balance sheet positions, notably financial instruments (swaps, etc.) and forward-start facilities, are integrated into the risk assessment.

Two main indicators, calculated at least once every quarter, enable the Group to measure interest rate risk on a static basis:

- interest margin sensitivity reflects the gain or cost on the Group's net interest margin resulting from a change in interest rates. It may be expressed as a percentage of net banking income,(NBI) using different changes in interest rates (+1%, +2%, -2%). It is constructed using preset interest rate gaps (corresponding to balance sheet and off-balance sheet items whose cash flows are deemed certain) and the impact of options risks (measuring the impact of the activation of caps / floors on the net interest margin).

For 2012, interest margin sensitivity remained under control; the annual impact for a 2% increase in interest rates at end-2012 was €11 million over the first three years, or 1% of 2011 NBI. This level is consistent with the Group's policy;





- Net Present Value (NPV) sensitivity is an indicator derived from Basel II regulations. Expressed as a percentage of capital, it measures the change in the net present value of the balance sheet for a 2% increase or decrease in interest rates. The regulations set a 20% threshold for interest rate exposure.

As of December 31, 2012, the level was between 2% and 5% of capital, which is consistent with the Group limits.

#### Insurance portfolio

A change in interest rates directly affects the bond portfolio's valuation and return, for both the proprietary and the general accounts. Fixed-rate bonds expose Suravenir to the risk of a change in asset values; variable-rate bonds create the risk of income fluctuations.

#### The risk of a decrease in interest rates is not significant for Suravenir.

The euro-denominated life insurance policies create a commitment for the company to offer a minimum guaranteed rate. When market interest rates fall, the portfolio's return may be insufficient to satisfy this commitment. In that case, French regulations require insurance companies to make a special provision allocation (the so-called financial risks provision). Suravenir did not need to make any such allocation in 2012. As of December 31, 2012, the risk going forward pertained to a 1.03% minimum guaranteed return to be paid in 2012.

#### Suravenir's main risk exposure is that of rising interest rates for the management of the general account and therefore euro-denominated funds.

Higher interest rates have several consequences on assets, starting with lower valuations on fixed-rate bonds held in the portfolio. Depending on which IFRS accounting classification is used for these securities, this loss in value affects shareholders' equity or earnings for the insurance company and policyholders. Thus at end-2012, a 100 basis point increase would cause Suravenir's net income to fall by €1.4 million and shareholders' equity to decline by €85 million.



The second risk related to a significant and sustained increase in interest rates is a growing number of redemptions by policyholders on the euro-denominated funds, as the returns on these policies become less competitive relative to other investments. In that case, in order to make the necessary adjustments to managed assets, the company may need to sell assets. If it sells fixed-rate assets, it would incur capital losses. To avoid this risk, Suravenir

maintains a considerable amount of variable-rate bonds and caps options in its portfolio. These financial instruments also enable the return on Suravenir's euro-denominated funds to converge more quickly toward the returns offered by other savings products, thereby limiting redemptions. As of December 31, 2012, some 20.71% of the bond portfolio was hedged against an increase in interest rates.

#### 4.3.3 LIQUIDITY RISK

##### Banking portfolio

Liquidity risk arises from maturity differences between the sources and applications of funds. It may create additional expense in the event of widening liquidity spreads; in the most extreme case, it may result in the company being unable to honor its commitments.

The Group has historically been very vigilant and conservative in managing this risk. In order to protect against it, the Group developed a diversification policy for its refinancing channels and now has several funding mechanisms:

- short-term refinancing programs (CDN),
- unsecured medium- and long-term refinancing programs (BMTN and EMTN),
- secured refinancing programs through two funding vehicles: a home finance company (Société de Financement de l'Habitat – SFH), which is backed by mortgage loans, and a mortgage-backed lending company (Société de Crédit Foncier – SCF), whose bonds are backed by exposures on public-sector authorities,
- interbank loans either unsecured or secured through the assignment of loans to Caisse de Refinancement de l'Habitat (CRH), the European Investment Bank (EIB), and Caisse des Dépôts et Consignations (CDC).

Meanwhile, the Group is looking to reduce its dependency on financial markets by collecting more savings from its customers. For several years, it has issued bonds targeting its customers (in securities accounts or through their life insurance policies with Suravenir) and, more recently, enhanced its line of deposits (savings accounts, term deposits) aimed at both individual customers as well as companies and institutions.

In a turbulent environment marked by significant pressure on the interbank lending market at the beginning of the year and a still unsettled regulatory situation (as the transposition of Basel III into European regulations was postponed until 2013), the Group continued its conservative liquidity management policy. It was the first French bank to complete a senior offering in January 2012 (€750 million); it also took in nearly €5 billion in bank savings during the year.

For a detailed analysis of financial liability maturities, see Note 27 of the consolidated financial statements appearing on page 87 of this Registration Document.

#### Assessment

The Group assesses, monitors and manages liquidity for the consolidated banking scope and each entity within that scope.

Liquidity risk assessment is based on three elements:

- liquidity gaps;
- refinancing amount limits (notably short term);
- liquidity ratios (regulatory and non-regulatory).

The liquidity gaps, which are calculated at least once every quarter, include all balance sheet and off-balance sheet items that affect the Group's liquidity. They are established on the basis of static scenarios (no assumption of new production), although dynamic scenarios are also used in order to estimate the refinancing needs at different maturities.



The static gaps are produced using both a standard and a stress scenario. The latter scenario assumes the depletion of commercial deposits and draw-downs under certain off-balance sheet liquidity agreements. At end-2011, the Group decided to review these assumptions in order to make them consistent with Basel III requirements.

Based on the stress scenario, the Group has established a goal of backing credits for maturities of up to five years, at a level essentially between 100% and 75% depending on the maturity. This objective was satisfied throughout 2012. The required backing percentage was reviewed at end-2012, with the level now set at between 100% and 80%.

Short-term refinancing amount limits have also been set. The goal is to minimize liquidity risk on the refinancing of these lines in the event of market tensions. These limits were satisfied throughout 2012.

Liquidity ratios comprise the one-month liquidity ratio and five-year coverage ratio:

- the one-month liquidity ratio is a regulatory ratio that measures available liquidity for the month relative to liabilities with the same maturity. Its computation method was made more stringent beginning in June 2010. This minimum ratio is 100% and applies to each Group company. Nevertheless, because the Group manages liquidity risk conservatively, it set an internal level that was even more stringent than the regulatory requirement.
- The five-year coverage ratio aims to ensure that long-term assets are appropriately matched with long-term liabilities.

The Group's ratios satisfied both its internal and the regulatory standards at end-2012. Crédit Mutuel Arkéa's 1-month liquidity ratio was 170%; in spite of the debt market tensions at the beginning of the year, this ratio remained well above the minimum required levels throughout 2012.

The Group also adopted several indicators that enable it to ensure its ability to withstand a sharp increase in liquidity spreads and a shut-down of financial markets.

As part of its preparations for the future Basel III ratios (LCR and NSFR), it participated in impact studies solicited by the Basel Committee and banking authorities.

A qualitative assessment of the indicators showed that the Group not only satisfied the various limits but also a continued improvement in its liquidity exposure thanks to the two-fold impact of its conservative refinancing policy and its efforts to collect savings from customers and customer shareholders.

## Insurance portfolio

Liquidity risk arises when the company is forced to sell its assets following a massive wave of redemptions. A liquid asset is one that can be sold under any market conditions.

In order to measure this risk, Suravenir implemented a liquidity ratio, which makes it possible to determine at all times the relative share of assets that can be sold at a moment's notice to cover liability payments.

Suravenir considers the following to be liquid assets: cash and cash equivalents, government bonds and like securities issued by the French government, foreign government bonds and like securities whose rating is at least equivalent to the French OAT, and equities. This ratio is calculated on the basis of a scope comprised of assets corresponding to Suravenir's commitments on these euro-denominated funds. As of December 31, 2012, this ratio was 36.1% (a 1.1% decrease relative to end-2011). The liquidity ratio enables Suravenir to cover a three-fold increase in redemptions without experiencing a liquidity crisis.





## 4.4 FOREIGN EXCHANGE RISK

**CURRENCY RISK CAN BE DEFINED AS THE RISK OF A CHANGE IN THE EXCHANGE RATE BETWEEN TWO CURRENCIES, WHICH IN THE LACK OF ADEQUATE HEDGING COULD RESULT IN A LOSS.**

The Group's currency exposure is very limited and immaterial, with a total combined exposure of €4 million equivalent. In fact, as it

never represents more than 2% of the Group's capital, it is not subject to a regulatory capital requirement as stipulated by law.

## 4.5 EQUITY AND OTHER VARIABLE INCOME SECURITIES RISK

**THIS RISK ARISES IN THE EVENT OF AN EQUITY MARKET DOWNTURN THAT RESULTS IN A LOWER PORTFOLIO VALUATION.**

This risk arises in the event of an equity market downturn that results in a lower portfolio valuation. The net carrying amount of the Group's equity and other variable income securities portfolio was €7.5 billion as of December 31, 2012. To analyze the risks associated with this portfolio, it needs to be broken down into two parts:

- the first, which has a net carrying amount of €6.7 billion, includes equities and other variable income securities accepted as representative of the unit-linked policies provided by Suravenir (€4.2 billion), for which the risk is borne entirely by policyholders, and Suravenir's general account investments (€2.5 billion), for which the risk is also almost entirely borne by policyholders.

- the second, which had a net carrying amount of €0.8 billion as of December 31, 2012, mainly includes Crédit Mutuel Arkéa's proprietary investments totaling €0.1 billion, Suravenir's proprietary account for €0.4 billion, Fortuneo cash investments for €0.1 billion and investments by Arkéa Capital Investissements totaling €0.2 billion.

The Group also had an investment securities portfolio with a net carrying amount of €364 million as of December 31, 2012. These securities are held for the medium and long term in order to generate a capital gain, promote the development of long-term business relationships or exercise influence over the issuing companies.



## 4.6 OPERATIONAL RISK

The concept of operational risk adopted by Crédit Mutuel Arkéa Group covers all risks included in the definition of the Basel II regulations and CRBF Regulation 97-02 as amended.

CRBF Regulation 97-02 as amended defines operational risk as that which arises from an inadequacy or failure attributable to procedures, personnel or internal systems or to outside events, including events with a low probability of occurrence but high risk of loss. Operational risk includes internal and external fraud risks.

Given this regulatory context and the internal provisions, Crédit Mutuel Arkéa deployed a dedicated system for controlling operational risk and permanent control across its entire scope and covering all activities. This system enables the Group to oversee and control all its risk areas.

### 4.6.1 THE “OPERATIONAL RISK” FUNCTION

#### Organization

Crédit Mutuel Arkéa decided to apply its operational risk control system to all its components, even those not directly subject to Basel II regulations (life and non-life insurance subsidiaries).

The overall framework for controlling operational risk is based on functional management provided by the Operational Risk department, which is part of Crédit Mutuel Arkéa's Risk department.

This department consolidates results and oversees changes in operational risk for the entire Group. In order to perform this task and in its capacity as the functional head of the “operational risk” function, the department uses operational risk correspondents who report directly to each central department of Crédit Mutuel Arkéa, Crédit Mutuel federation or the head of the subsidiary. The Operational Risk Correspondent (French acronym: CRO) is the conduit for operational risk control policy within each unit.

Controlling operational risk is guided by formalized procedures with respect to:

- updating the risk maps and their self-assessments;
- collecting information on losses;
- modeling operational risk as part of the capital requirements calculation;
- implementing business continuity plans;
- IT systems security.

### Reporting

Quarterly reports are established by the Risk Department and submitted primarily to the following recipients:

- Group Risk Committee,
- Group Executive Management,
- Crédit Mutuel Arkéa Audit Committee
- Crédit Mutuel Arkéa Board of Directors

These reports cover four main topics:

- losses observed,
- results of Business Continuity Plan (BCP) tests,
- the self-assessment of risks arising from operational risk maps,
- the activity and functional management of operational risk correspondents.

### 4.6.2 OPERATIONAL RISK ASSESSMENT

#### Risk assessment system

The assessment of Crédit Mutuel Arkéa's operational risk is based primarily on a dual system:

- a risk self-assessment, performed by the Operational Risk Correspondents working at the Group's various entities and backed by the expertise of operating staff in these units;
- disclosures by operating staff of incidents following the occurrence of a demonstrated operational risk.

#### Operational risk self-assessment

The operational risk self-assessment is based on an internal process known under the French acronym PRDC, which describes the four components: process, risk, risk management system and second-level permanent control. Its implementation is based on four sets of instructions:

- **the processes instructions** are designed to model the company's activities using increasingly detailed descriptions.

Each process is described in terms of its human, technical and logistical resources. This description is particularly useful for risk analysis, notably through the identification of existing interfaces within the process chain;

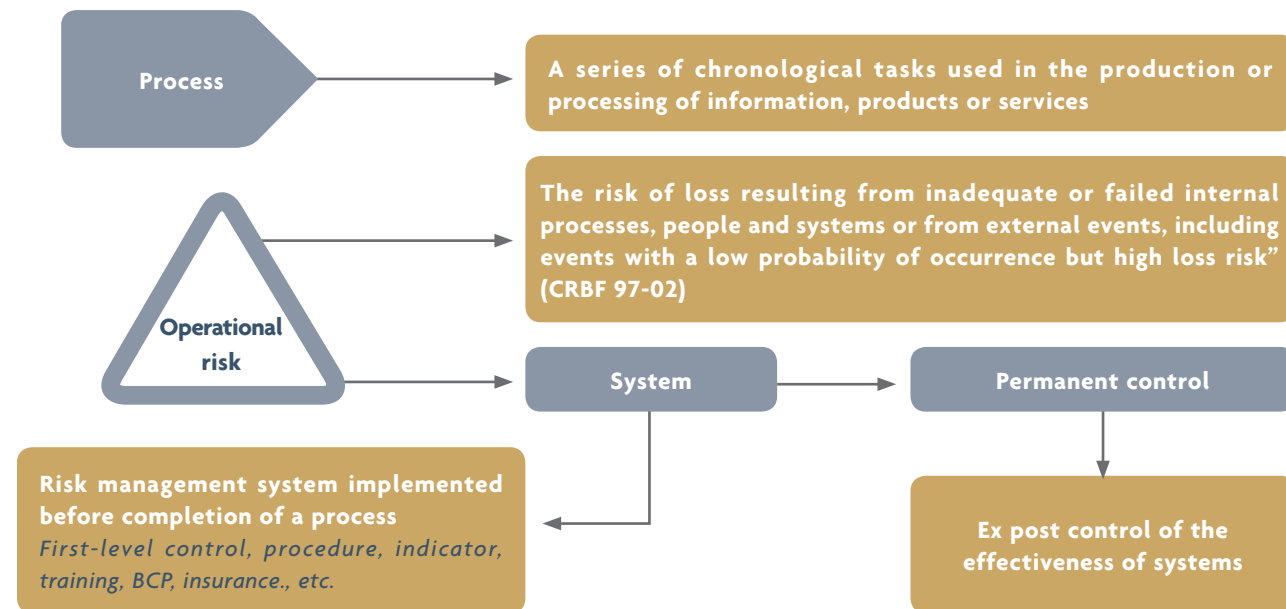
- **the operational risk instructions** iterate the Basel II risk map at two levels. They incorporate a third level of risk category description derived from the set of instructions from Confédération National du Crédit Mutuel (CNCM) and a fourth level of catalogue risks specific to Crédit Mutuel Arkéa;
- **the operational risk management systems instructions** collect the resources aimed at mitigating risks or their impacts. They classify these resources by type: procedures, first-level permanent control, applications, training, warnings, insurance, BCPs, etc.);
- **the second level permanent controls** instructions cover the second-level permanent controls aimed at verifying and assessing the relevance and effectiveness of the risk control systems attached to the processes.

After assessing each individual risk using the processes and risk instructions and taking into account the impact of the applicable risk management system, a self-assessment is performed for the individual risk. This self-assessment is based on a scale with seven levels of frequency and nine levels of severity.

The method covers all Crédit Mutuel Arkéa's activities. The processes and related risks of the support activities have also been modeled. Given the high degree of automation, the effectiveness of the risk management systems pertaining to the IT system is closely examined.

Following the revision of the PRDC methodology in 2010/2011, the first annual risk mapping revision on this new basis was conducted in 2012. For entities not covered in 2010/2011 (Leasecom, CFCAL and Schelcher Prince Gestion), the efforts to create the PRDC were either carried out or begun in 2012.





#### Disclosure of incidents that occurred

Crédit Mutuel Arkéa collects information on its incidents in a dedicated internal application. This application is based on the above-mentioned process and risks instructions and includes both:

- the CNCM (Confédération Nationale du Crédit Mutuel) set of instructions, known as the common platform, including the Basel II risk types,
- the set of instructions specific to Crédit Mutuel Arkéa, which resulted from the PRDC approach (instructions for processes ("P") and risks ("R")).

The total volume of reported incidents in 2012 was up significantly relative to the previous year. Reported incidents in 2012 totaled €41.1 million. This increase was mainly due to the occurrence of exceptional incidents in 2012.

The reference to the CNCM standard in terms of process instructions and operational risks enables Crédit Mutuel Arkéa to submit all incidents that occur across its entire scope of operations to CNCM in order ultimately to input:

- the chronological series of losses recorded with respect to operational risks by Crédit Mutuel Group, which is used in the calculation of weighted risks on so-called "frequent" operational risks;
- Basel II reporting requirements with respect to operational risk.

#### 4.6.3 OPERATIONAL RISK MODELING

##### Organization

Since 2010, Crédit Mutuel Group has been authorized to use its advanced measurement approach to calculate regulatory capital requirements with respect to operational risk, and since 2012 it has been authorized to apply deductions for expected losses and insurance.

Crédit Mutuel Arkéa actively participates in projects initiated by Crédit Mutuel Group at the national level. In that regard, dedicated resources are allocated to the annual review of risk maps and expert opinion models as well as to the statistical modeling and calculation of capital requirements. This allows the Group to retain the requisite expertise and responsiveness for modeling operational risks and quantifying their capital requirements.

Crédit Mutuel Arkéa also inputs the risk indicators for so-called severe risks and loss distribution for so-called frequent risks into the capital requirements calculation performed at the level of Crédit Mutuel.





### Analysis of external losses

Crédit Mutuel Group subscribes to an external database that makes it possible to enhance and diversify the operational risk assessment and analysis. The use of this database and methods for incorporating this data are covered in a nationwide procedure.

### Quantification

In order to quantify operational risk, two modeling approaches were chosen:

- for so-called frequent risks, which have been identified in loss histories and whose projected severity by experts is not likely to result in a major unexpected loss, the loss distribution approach (LDA) technique is used.
- for other so-called severe risks, the analysis performed by the Group's experts consists of implementing scenarios that call for the input of risk indicators. These indicators underpin the conditional probability models based on each scenario.

The approach is rounded out by the recognition of correlations between the various risks in order to arrive at the capital requirements.

The overall capital requirements are then allocated among the various Crédit Mutuel Group entities. For Crédit Mutuel Arkéa, regulatory capital requirements related to operational risk totaled €127 million at end-2012.

### Insurance

Crédit Mutuel Group has been authorized by the French Prudential Control Authority to use insurance deductions for hedging operational risks.

#### Insurance is therefore fully integrated into the risk management approach:

- the assessment of operational risks leads to the production of scenarios of severe risks,
- asymmetries between insurance coverage and the scenarios produced are analyzed,
- insurance programs can then be better adapted to the risk profile identified (covered scope, coverage amount).

#### Insurance coverage currently used in the deduction process includes coverage related to:

- damages to buildings and equipment (multi-risk),
- fraud ("blanket banking" insurance),
- professional civil liability.

Crédit Mutuel Arkéa's insurance programs comply with the Basel II eligibility criteria (rating, initial term, residual term, advance cancellation notice).

### 4.6.4 CRISIS MANAGEMENT AND BUSINESS CONTINUITY

The Business Continuity Plan (BCP) aims to provide rapid solutions in the event of a crisis in order to minimize the impact of a major accident on the activities of Crédit Mutuel Arkéa or its clients. Targeted activities include essential or important services and operations as defined under applicable regulations.

This system is triggered when a major crisis occurs. Each BCP is designed to be implemented whenever an incident results in the disruption of an essential activity and whose foreseeable or certain duration exceeds the maximum allowable time for this activity's disruption.

#### The Group Business Continuity Plan is based on the following two plans:

- the "Crisis Management Plan,"
- the "Activities Continuity Plan" for business lines and support functions.

The Crisis Management Plan addresses organizational aspects in the event of an incident by defining the roles and responsibilities of the participants in the various crisis management units:

- crisis decision-making unit (person in charge: Chief Executive Office of Crédit Mutuel Arkéa),
- operational crisis unit (person in charge: Head of Risk Management at Crédit Mutuel Arkéa),
- crisis exit unit (person in charge: Manager responsible for the restoration of the failed resource).

Each "Activities Continuity Plan" for the business lines and support functions is placed under the responsibility of a Manager of the corresponding entity or activity. This person appoints a BCP manager, who takes responsibility for the implementation and operational maintenance of the entity's BCP.

The overall coherence of all BCPs is ensured by a management function assigned to the Operational Risk Department, which is itself part of Crédit Mutuel Arkéa's Group Risk Department. In that regard, the Head of the Group BCP is the person responsible for the Operational Risk Department.

#### A business line continuity plan is developed to respond to five crisis scenarios:

- scenario 1: unavailability of offices
  - offices destroyed, unusable or inaccessible
- scenario 2: unavailability of IT systems
  - Incident involving the central system or a server, network or application
- scenario 3: unavailability of employees
  - Personnel incapable of working (anywhere, including at home)
- scenario 4: unavailability of power and telecommunications
  - Power or telecommunications outage
- scenario 5: unavailability of key suppliers
  - External or internal suppliers who are indispensable for essential activities.

Each scenario includes three phases:  
 1 – Emergency measures,  
 2 – Workaround solutions,  
 3 – Return to normal.

The BCP begins once operations are assigned to the operational crisis unit by a decision of the crisis decision-making unit. It ends once a return to normal has been observed by this same crisis decision-making unit.



## 4.7 LEGAL RISK

Legal risks are included in operational risk and relate, among others, to exposure to fines, penalties, and damages for a tort attributable to the company in connection with its operations.

Based on this definition, no dispute is likely to have a material impact on the financial position of Credit Mutuel Arkéa.

## 4.8 NON-COMPLIANCE RISK, INCLUDING MONEY-LAUNDERING RISK

Non-Compliance risk is defined as the risk of a court-ordered, administrative or disciplinary penalty, significant financial loss or injury to reputation resulting from non-compliance with standards applicable to banking and financial activities, be they external (legislative or regulatory standards, professional and ethical standards, specific standards governing the activity of the entity that is part of the Group) or internal (instructions from the executive body taken pursuant to the orientations set by the deliberative body).

In accordance with the principles in effect within Crédit Mutuel Arkéa Group, training for compliance control systems is carried out at two levels:

- the Group level;
- the level of the Group's entities and subsidiaries.

Crédit Mutuel Arkéa Group has assigned the task of defining, organizing and managing the legal and regulatory monitoring system to the Legal department. This system covers the full range of issues pertaining to banking law and various legal areas that may affect the banking activity.

In order to strengthen the recognition of the risk of non-compliance with the French data protection law enacted on January 6, 1978, and amended in 2004, the Group's data protection activity was organized in 2011 through the creation of a central team of data protection correspondents (French acronym: E.C.C.C.), which is part of the Group's Legal department.

The E.C.C.C. created a network of local data protection correspondents.

No organizational changes occurred in that respect in 2012.

The risk of penalty, loss or injury to reputation following the execution of a money-laundering transaction that was not detected by the prevention systems therefore qualifies as a non-compliance risk.

Non-Compliance risks, including money-laundering risks, are addressed through specially adapted systems and dedicated teams at the Group's various entities in order to keep them under control.

In accordance with the principles of the European 3rd Directive, the Group's money-laundering risks are covered in a special risk map. In 2012, the efforts were focused mainly in the following areas:

- personal risk level;
- decision-making grid for warnings used to monitor transactions;
- country classifications.

The procedural guidelines were also reviewed in their entirety in 2012 and are scheduled to be rolled out in the first quarter of 2013.

Moreover, oversight of transactions with an international component was improved through the organization of a permanent, dedicated working group.





## 4.9 RISKS SPECIFIC TO THE INSURANCE BUSINESS

### 4.9.1 TECHNICAL RISKS OF LIFE AND BORROWER'S INSURANCE

The insurance activity is exposed to several risk factors: mortality risk associated with the death of the policyholder, which leads to death benefit payments; the risk of longevity associated with the policyholder's life expectancy, which causes variations in annuity payments; and the risk of disability associated with the policyholder's work stoppage, which leads to disability benefit payments.

To manage and control these risks, several indicators are calculated and analyzed to ensure the suitability of estimates used to price products relative to the actual observed risk.

The initial rate-setting is based on regulatory tables (based on national statistical data and referenced in the Insurance Code) or experience (prepared on the basis of statistical data from the company's own insurance portfolios). Statistical tables are used to assess probabilities of occurrence (death or disability) and probabilities of continued incapacity/disability.

### Mortality risk (mainly borrower's insurance)

The mortality risk assessment is designed to detect any increase in the mortality of the insured population. This increase may lead to substantially higher benefit payments for expected deaths and insufficient regulatory provisions established to cover potential future benefits payments.

#### Several indicators were implemented to measure mortality risk:

- the loss ratio makes it possible to uncover unsuitable rate-setting and know whether the volume of premiums is sufficient to cover the volume of losses;
- the monitoring of at-risk capital, which is the maximum potential amount the insurer would need to pay out if all policyholders were to die simultaneously;
- the ratio for monitoring increases in expected deaths makes it possible to detect a high level of mortality. It corresponds to the ratio of benefits paid out (smoothed out within the limits set by the reinsurance program) relative to at-risk capital (net of deductibles and reinsurance). This ratio makes it possible to estimate the level of mortality risk relative to the company's overall exposure.

### Longevity risk (life insurance)

Longevity risk corresponds to an increase in the life expectancy of annuity beneficiaries in the insured portfolio relative to the estimates prepared using statistical tables.

A significant increase in the life expectancy of the beneficiaries (and/or reversionary beneficiaries) may result in a longer annuities payment period and an insufficient amount of regulatory provisions established to cover potential future benefits payments.

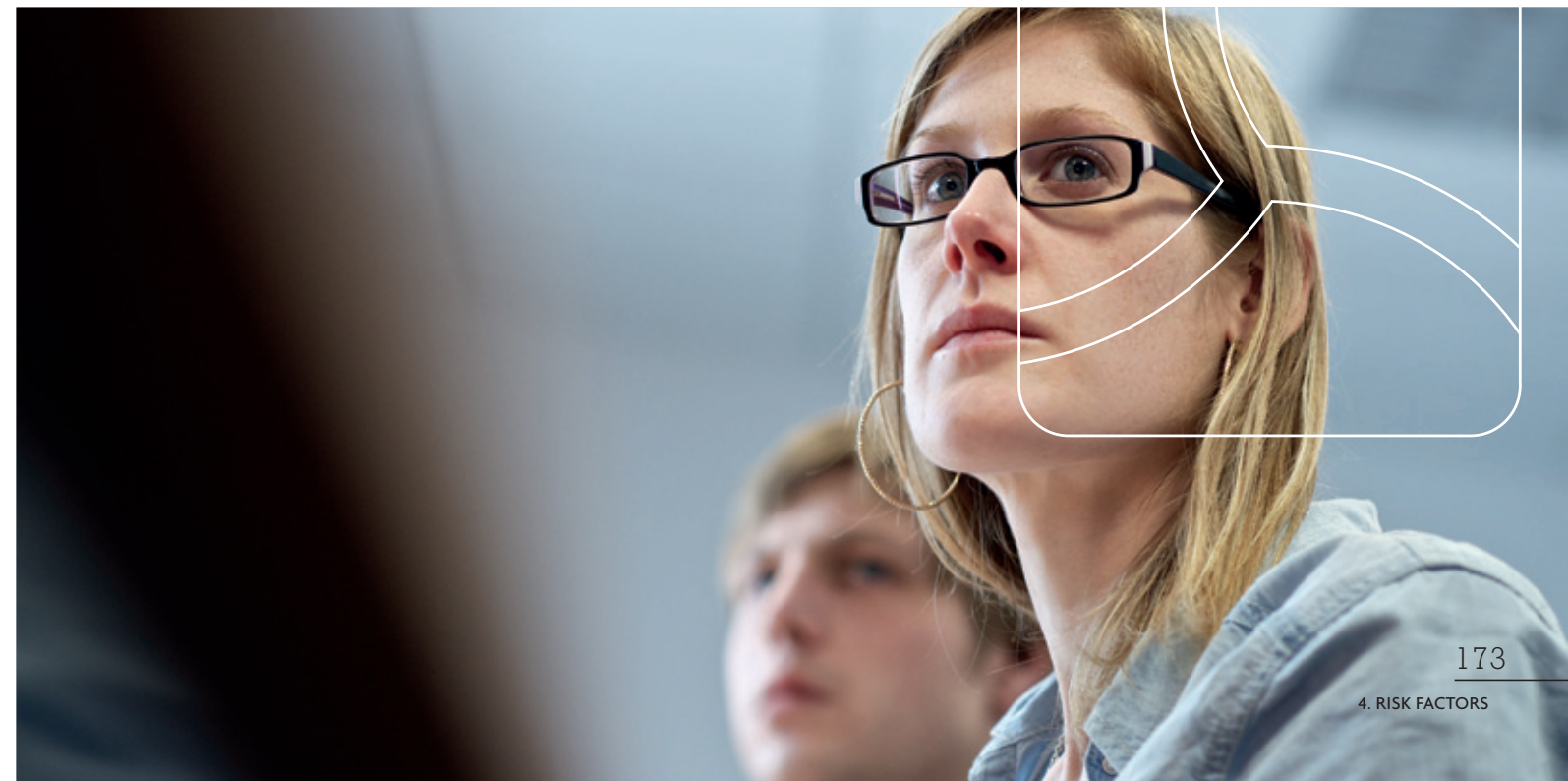
Monitoring this risk is designed to detect this increase and enable suitable provisioning. This monitoring involves an analysis of the underwriting income generated by the annuity-holders' portfolio and the related mathematical provisions.

### Disability risk (borrower's insurance)

The disability risk assessment is designed to detect any increase in work stoppages, whether it involves a temporary disability, total or partial disability or professional incapacity. This increase may result in significantly higher work stoppage benefit payments as well as an inadequacy in the amount of regulatory provisions set aside to cover potential future benefits payments.

Several indicators have been established to assess the disability risk associated with work stoppage coverage:

- The loss ratio makes it possible to uncover unsuitable rate-setting.
- The net new work stoppages indicator is calculated by measuring the difference between the number of new reported claims and the number of closed cases (no more benefits paid on claims). The indicator makes it possible to measure both the level of work stoppage occurrences (new policyholder claims) and the level of continuing work stoppage (policyholders continuing to receive benefits) on a monthly basis. The goal is to determine a work stoppage occurrence and essential maintenance level in order to respond in the event of excessive claims and cover the related benefits payments.
- Three additional indicators (monitoring of the number of outstanding claims, monitoring ratio for increased claims, monitoring ratio for continued work stoppage) provide a more detailed view of the outstanding policies at risk for disability as well as changes in work stoppage occurrences and continuations.





#### 4.9.2 TECHNICAL RISKS OF NON-LIFE INSURANCE

Two categories of technical risks arise in the context of non-life insurance:

##### Frequency risk and rate-setting risk

These risks may be the result of poor risk selection and management. In order to manage and control these risks, the portfolio and changes in its characteristics are monitored on a regular basis. In particular, this monitoring involves an analysis of:

- monthly subscriptions and subscriptions aggregated by product and distributor,
- the segmentation of the portfolio by product and its changes,
- changes in the loss ratio (claims/premiums) by product (and sub-product) and by distributor,
- the average premium, average costs and frequency of claims per coverage.

The monitoring and analysis of these data make it possible to define and implement appropriate policies:

- modification of the subscription policy with respect to rate-setting, selection, adjustments to products and coverage provided,
- targeting of initiatives by geographic area and by distributor.

##### Exceptional claims risk

Exceptional claims risk consists of the financial impact resulting from the occurrence of major events (natural disasters, etc.). They are essentially covered by the use of reinsurance.

#### 4.9.3 REINSURANCE RISK

The use of reinsurance makes it possible to limit the insurer's risk exposure by transferring a portion of it to one or more reinsurers.

The reinsurance policy is designed to control the two main reinsurance risks:

- the insufficiency of the reinsurance program relative to the Group's risk strategy. Deterministic and stochastic actuarial analyses are performed along with stress tests in order to structure reinsurance programs optimally.
- the default of a reinsurer, which could then not cover its share of claims. The mitigation of this risk is achieved through:
  - a diversification of reinsurers,
  - the selection of reinsurers based on financial strength criteria,
  - the requirement of pledged securities to cover ceded provisions,
  - the establishment of limits on the maximum amount that may be ceded to a single reinsurer.





# 5 COMPANY'S SOCIAL RESPONSIBILITY



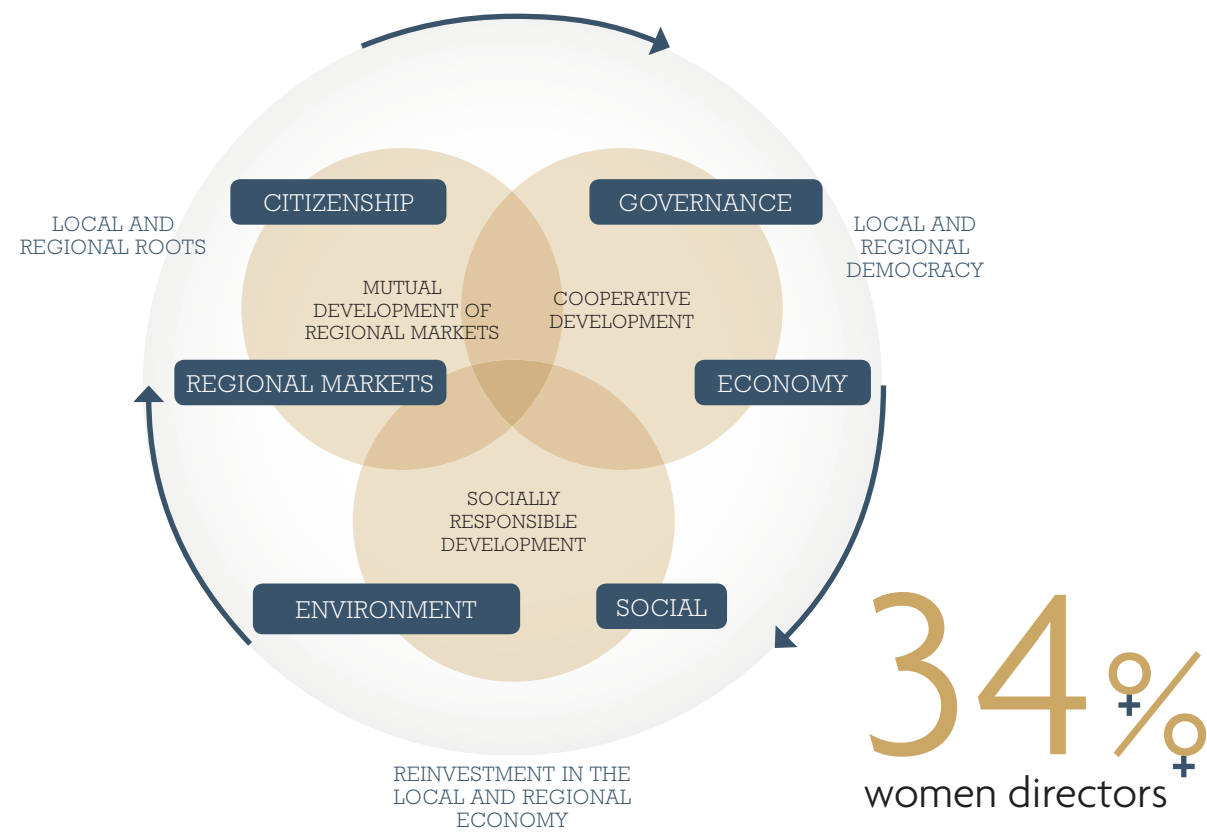


# 5.1 COOPERATIVE DEVELOPMENT

COOPERATIVE DEVELOPMENT HAS BEEN THE FOUNDATION FOR CRÉDIT MUTUEL ARKÉA'S HISTORICAL AND STRATEGIC DEVELOPMENT. THE GROUP'S "HORIZONS 2015" STRATEGIC BUSINESS PLAN ADOPTED IN 2008 REAFFIRMS THE RELEVANCE AND TIMELINESS OF THE COOPERATIVE MODEL ON BEHALF OF SUSTAINABLE LOCAL AND REGIONAL DEVELOPMENT.

## COOPERATE AND MUTUALIZE

A sustainable development model based on six pillars



1,412,368 customer shareholders

Crédit Mutuel Arkéa is not listed on the stock exchange. The financial cooperative, which lies at the company's core, can neither be sold nor be the target of a buyout; it can only be liquidated in accordance with a decision by customer shareholders.

Crédit Mutuel Arkéa's basic unit is the local savings bank. A credit institution under French banking law, this local savings bank has a restricted area of operations and its capital is

owned by customer shareholders in the form of shares (see box). Financially independent, it collects savings, extends credit and offers a comprehensive line of financial services and insurance. Most decisions involving clients are made at this level. Each savings bank has a Board of Directors, made up of volunteer directors, elected by the customer shareholders themselves in a general meeting based on the principle of one person equals one vote (see chart).

In 2012, 1,412,368 customer shareholders were convened to the shareholders' general meetings of the local savings banks. The attendance rate increased by 1%. The number of new directors totaled 205, including 95 women. Presently, women account for 34% of the directors and 77 women manage a local savings bank.

Crédit Mutuel Arkéa's capital is owned by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations.

Crédit Mutuel Arkéa is the Group's lead company. It has a general license for all the savings banks of the three federations. The local savings banks do not have individual licenses. It ensures that the Group's main financial ratios comply with the regulatory limits set by the banking and financial authorities. It also provides access to financial markets for all Group entities.

Each customer shareholder of CMB, CMSO and CMMC, the Crédit Mutuel Arkéa federations, owns at least one share of the capital of the cooperative company. All of the shares held by the customer shareholders make up the share capital, which is an integral part of prudential capital.

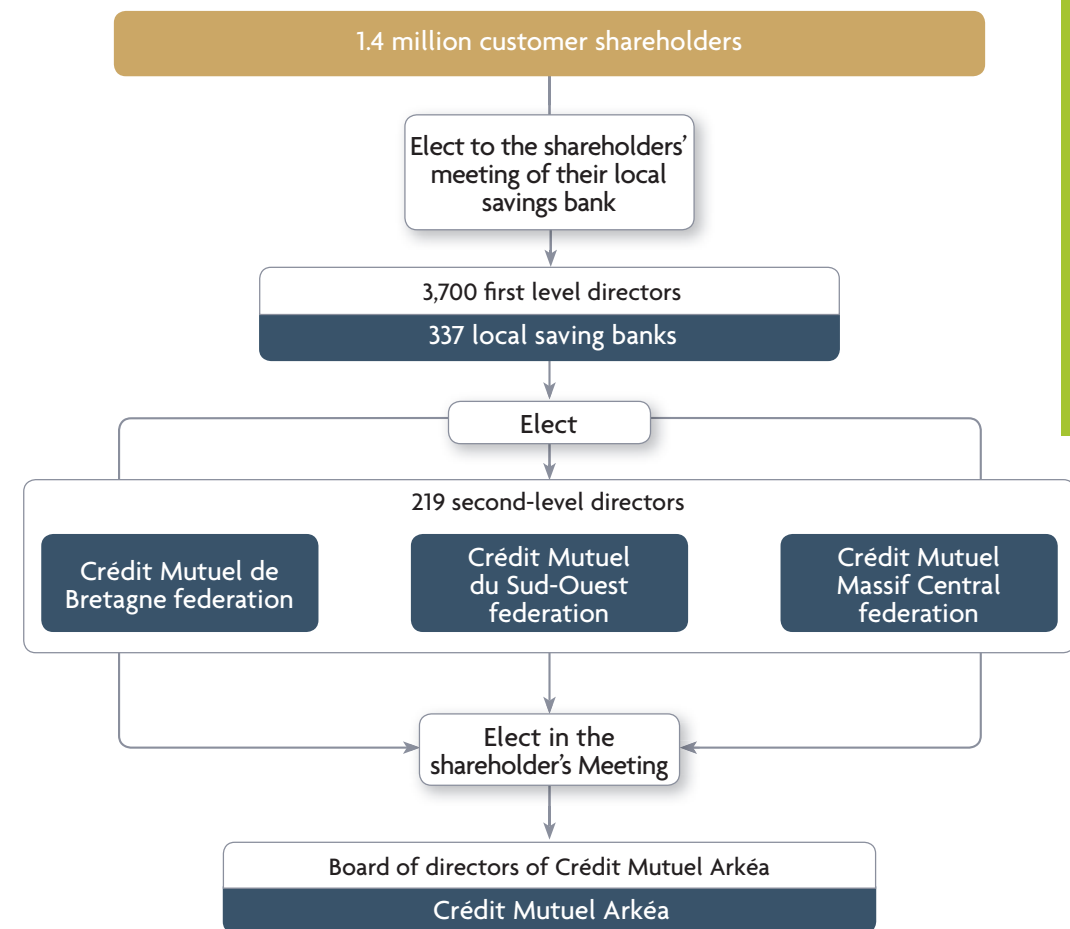
These shares cannot be redeemed except within the limit of their par value.

A share subscription makes it possible to:

- become a member of the cooperative that is the local savings bank,
- vote at its annual meeting according to the principle of "one person equals one vote",
- elect the directors of the local savings banks within the context of democratic governance.

Through the directors that they elect, customer shareholders are represented at three levels: local, regional and national. They are thus both the company's shareholders and customers and its beneficiaries and consumers.

## THE ELECTIVE SYSTEM OF CRÉDIT MUTUEL ARKÉA





# 5.2 HUMAN RESOURCES DEVELOPMENT

**HUMAN RESOURCES KEY FIGURES**  
Crédit Mutuel Arkéa

	2010	2011	2012
Number of permanent employees	8,677	8,983	8,982
Number of non-permanent employees (full-time equivalent)	606	602	802
<b>Management</b>	<b>4,528</b>	<b>4,822</b>	<b>4,912</b>
% female managers	21%	21,6%	22,1%
% male managers	32%	32,1%	32,3%
<b>Workers</b>	<b>4,149</b>	<b>4,161</b>	<b>4,070</b>
% female workers	34%	33,6%	33,2%
% male workers	13%	12,7%	12,4%
<b>Average age</b>	<b>40</b>	<b>41</b>	<b>40</b>
<b>Average tenure</b>	<b>14</b>	<b>15</b>	<b>14</b>
<b>Recruiting</b>	<b>623</b>	<b>610</b>	<b>416</b>
<b>Job mobility (employees who changed companies within the Group)</b>	<b>1,112</b>	<b>1,249</b>	<b>1,101</b>
<b>Exits</b>	<b>448</b>	<b>452</b>	<b>417</b>
Average compensation per employee in euros	42,040	41,680	42,448
Total payroll (€ millions)	318	354	380
% of total payroll devoted to training	4.7%	5.1%	5.4%
Percentage of disabled workers	2.2%	2.8%	3%

## RECRUITING

Actively involved in the local and regional economy of its home markets, Crédit Mutuel Arkéa is developing a first-rate recruiting policy based on the selection of high-quality employee profiles.

At end-2012, the total number of employees with long-term contracts was 8,982, which was stable relative to the previous year and reflects a nearly 16% increase over the 2009-2012 period.

## Group initiatives ...

In order to promote job growth in its home regions, Crédit Mutuel Arkéa has adapted its recruiting policy by developing close ties to higher educational institutions, joining university foundations (partnerships signed with Rennes 1 Foundation, Sciences Po Bordeaux, University of Bordeaux Foundation), participating in jobs fairs and preparing targeted recruiting materials.

Every year, the Group also welcomes some 100 interns still completing their studies and develops its work/study training offerings jointly with universities and graduate business schools.





## INTEGRATION

The human resources functions of Crédit Mutuel Arkéa's various entities organize an integration and training path for the entry-level position of each new employee. The locally based human resources functions serve as contacts for employees at each entity, welcoming them and addressing their concerns, offering information on administrative matters and procedures and the businesses themselves as well as monitoring them during the trial period. The goal of this integration track is to provide optimal job performance conditions for each new hire and to verify that his or her aptitudes match up with the company's expectations. The goal is also to create a social connection between the employee and the company on the one hand, and between the new hire and the other employees on the other.

### Group initiatives ...

Every year, Crédit Mutuel Arkéa organizes an annual "Carrefour" conference for new recruits, which enables them to meet the Group's Chairman and Chief Executive Officer and learn from top managers about the Group's organization, strategy, major projects, operating methods. The event is also an opportunity for new employees to get a feel for the Group's uniqueness and diversity and to understand the range of activities and prospects for career development.

In addition to this major event, the approach is implemented at the local level through a second session where employees from a single entity or even a local region can get together in order to discuss more specific topics.

All Crédit Mutuel Arkéa entities adopt harmonized procedures with respect to recruitment and integration in order to ensure the future job mobility of employees in all companies.

## CAREER MANAGEMENT

Crédit Mutuel Arkéa gives its employees the possibility of pursuing their entire career at various Group companies: Crédit Mutuel networks, subsidiaries and central departments.

To shed light on the employee career paths and prospects, the Human Resources and Training department has dedicated teams with a strong local presence (nearly 150 employees), supporting the managers of the businesses and addressing employee concerns.

### Group initiatives ...

Since 2011, the Human Resources and Training department has gradually rolled out a common Jobs and Skills Management Planning application at almost all Group entities in order to have an overall view of the skills that exist within the Group:

Objectives:

- Anticipate Crédit Mutuel Arkéa needs for skilled personnel;
- Enable employees to achieve their full potential through career paths within the Group;
- Provide a listing of existing jobs within the Group;
- Make use of the annual job assessment interviews from all of the respective entities;
- Provide professional orientation tools to the in-house orientation advisors;
- Enable all Group Human Resources functions to access a common talent pipeline.

## TRAINING

Each year, the Group devotes more than 5.4% of its payroll expense to the training budget.

### Group initiatives ...

Crédit Mutuel Arkéa provides training at both the group (business line training, applications, general banking culture, management) and individual (job mobility support, skills development, remote interactive learning, coaching) levels. Training in fundamentals is the responsibility of the Group Human Resources functions, while business line specificities are left up to each business line.

### JOB MOBILITY

Functional and/or geographic job mobility for employees helps to bolster their experience, expertise and professionalism while still promoting personal development and the sharing of values. In 2012, 12% of the employees changed functions and/or units.

### MANAGEMENT

Management quality is a key factor behind employee success and commitment. The line manager is the primary participant in human resources management.

He develops the dialogue and coordination, promotes autonomy and accountability, and strives to raise the level of expertise of his employees.

In an environment of constant change, the manager ensures that his team is accountable with respect to the inherent risk of the banking and insurance activity while at the same time fostering a commitment to serve the customer's needs.

He is responsible for the qualitative assessment of results and performances of his team.

the Group's three values:  
**Commitment,  
Openness,  
Daring.**

### Group initiatives ...

To fulfill their duties in a manner consistent with the Group's values, managers need training and support. To that end, the company organizes training sessions for employees who assume managerial responsibilities during the year following their promotion.

To support line managers in their actions, practices and decision-making, a Management Handbook compiles all of the managers' action principles based on the

Group's three values: Commitment, Openness and Daring.

### DIVERSITY

Crédit Mutuel Arkéa conducts a social and responsible policy based on the premise that wealth is created through diversity. This commitment is materialized in particular around the following topics:

- Disabilities: At the level of the "Union Economique et Sociale - UES" legal entity, which includes nearly 6,500 employees from various companies, a fourth three-year agreement on the employment of disabled workers was signed. In this area, the disabilities task force steers initiatives that mainly focus on:
- Developing recruiting, notably with the establishment of a matriculating class of apprentices with disabilities receiving training as sales agents and eligible to receive a diploma from the Kerlann (Rennes) Faculté des Métiers (vocational school),
- Forming partnerships with training organizations and developing temporary positions,
- Informing and raising awareness among employees,



- Training line managers and members of employee representative bodies,
- Strengthening the support provided to disabled workers,
- Working on overall accessibility, in particular for employees with sensory disabilities.

The disabled workers employment rate for the UES scope progresses to 3% in 2012.

#### Gender equality

In 2011, all entities conducted a professional gender equality analysis. This work led to either the signing of an agreement or the identification of an action plan.

The third three-year agreement of the UES, which includes most Group employees and was signed on October 13, 2011, defines the means used by the company to promote professional gender equality over the long term and achieve conditions for true equality at all stages of professional life. In the context of these overall objectives, the company pays particularly close attention to:

- ensuring compensation parity for men and women,
- promoting comparable professional tracks with the same possibilities for moving into positions of responsibility. In the scope of the UES, women account for 41% of the management ranks.

The company focused its actions in six main areas:

- recruiting
- professional career tracks
- professional support
- compensation
- balancing professional activity and personal life
- employee representation

#### The action plan in favor of seniors

This plan aims to maintain, develop and promote the value of the expertise of seniors.

#### QUALITY OF THE WORKPLACE

As part of its efforts to prevent professional risks, in 2008, the company began work on the prevention of psychosocial risks. This initiative involved the participation of employee representatives and the corresponding professionals. After taking on responsibility for the workers in distress, it developed its prevention approach. Based on a general survey conducted in 2011 on well-being in the workplace, management defined an action plan on this topic in early 2012. This action plan was based on the following points: career tracks, managers, business line management, information and communications, change management support with special attention paid to older employees. An employment agreement covering this topic was reached in September 2012 at the UES level. This agreement includes the main points of the corresponding action plan and sets forth the approach to be taken in the monitoring of this plan.

A new employee participation and dialogue project was launched in the first half of 2012. Following an employee feedback phase, this project has made it possible to gather concrete information on daily workplace realities and is designed to bring about improvements to the company's operations.





## 5.3 ENVIRONMENTAL COMMITMENTS

**THE ENVIRONMENTAL POLICY IS A KEY COMPONENT OF THE HORIZONS 2015 STRATEGIC BUSINESS PLAN. IT IS BASED ON AN INITIAL INVENTORY CONDUCTED IN 2008 OF PRACTICES AND APPLICATIONS, INCLUDING A CARBON BALANCE SHEET™ OF THE MAIN SITES AND A GREENHOUSE GAS EMISSIONS BALANCE SHEET CONDUCTED IN 2012 BASED ON 2011 DATA.**

### GENERALIZATION OF BEST PRACTICES

Efforts to inform and raise awareness among employees lead to support for and adoption of good practices. The main areas for progress involve transportation, waste management, purchases of consumables, energy consumption (more than 55 million KWH consumed in 2012), paper consumption (nearly 1,400 metric tons consumed in 2012) and, more generally, the development of an environmental policy based on the establishment of a dedicated organization and management system. The roll-out of the Carbon Balance Sheet™ approach to all units is continuing apace and the objectives set in the 2011 Greenhouse Gas Emissions Balance Sheet confirm the Group's commitment to improving its energy footprint.

Crédit Mutuel Arkéa is continuing its efforts with respect to its responsible real estate policy. All three buildings being built in close proximity to the headquarters in Relecq-Kerhuon satisfy low-energy building standards. The delivery of the new compound, which has a total surface area of 15,000 square meters, began in 2012 and the site will be fully occupied by end-June 2013. All new projects, such as Financo's future 8,000-square-meter headquarters building in Brest, will also incorporate these environmental requirements.

Another area of progress: precise monitoring of energy consumption. A major inventorying effort was completed as part of the 2011 Greenhouse Gas Emissions Balance Sheet,

which provides a precise and reliable overview covering 90% of all energy consumption. The Group has set four objectives involving the following:

- the roll-out of clocks or centralized systems to automatically turn off signs from 11 pm to 7 am, as well as the establishment of a centralized detection-based system for shutting off idle, remote-connected workstations and servers as of 10 pm and restarting them as of 7 am;
- promotion of sending electronic statements and other documents to our customer shareholders and clients, as well as the elimination of a significant portion (80%) of the installed base of individual printers at the headquarters offices and replacing them with shared printers;
- limits on travel and the establishment of a catalogue of new, more fuel-efficient vehicles;
- the increased use of carpooling, mainly by promoting it and through optimized internal communications using the intranet, with offers for daily or weekly ride sharing on the carpooling site launched in 2012.

The Group has adopted a genuine purchasing policy that takes environmental factors into account: local suppliers are always consulted on requests for proposals. These suppliers (printers, cleaning services, real estate maintenance, security, local temporary employment agencies, etc.) offer advantages such as proximity, responsiveness, reduced

transportation costs. Moreover, all requests for proposals include a grid for assessing CSR criteria, compliance with environmental standards, sustainable development positioning, compensation policies and social integration efforts (disabled employees, for example).

The waste processing function was reviewed in a comprehensive audit that generated the following findings:

- many recycling networks cover most waste categories, from selective sorting for disposal or recycling, to recovery for donations, processing or reuse, etc.
- the processing is performed by a large number of entities responsible for their collection.
- the measurement of the efforts undertaken requires the development of tools to measure the volume of waste generated and collected by the company as well as its recycling.

These projects are consistent with the measures of the so-called Grenelle II law, which took effect in 2012 and establish new requirements for measuring, reporting and certifying the company's social and environmental responsibility.

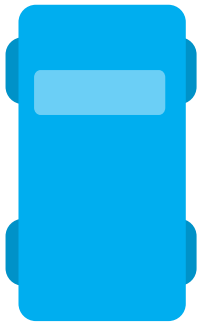
### THE COMPANY TRAVEL PLAN

The Arkade UES travel plan entered the operational phase in 2011. The status report had demonstrated the importance of the topic for employees and the company, with nearly 100 million kilometers traveled each year, including 80 million commuter kilometers and 20 million business travel kilometers. The survey on travel practices conducted with 6,000 employees and working groups have since made it possible to identify the main projects for promoting new means of travel, and in 2012 to create a special carpool site on the company intranet, to promote remote work services and video-conferencing equipment (72 sites) and improve the accessibility of the Group's sites.

### PROMOTION OF SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

The Group's various components incorporate sustainable development into their product and service offerings. Under the theme of "responsible and solidarity-based savings," the Crédit Mutuel (CMB, CMSO and CMMC) networks market two savings accounts: the **Livret de Développement Durable (LDD)**, whose funds may be used to finance energy efficiency improvements, and the **Livret d'Épargne pour les Autres (LEA)**, which donates money to associations in support of social and solidarity-based initiatives. Total savings in LDD accounts exceed €1,385 million, while those of the LEA accounts are in excess of €11 million.

Meanwhile, Federal Finance has been a pioneer in the area of socially responsible investing (SRI) since 2011. Total outstandings have grown rapidly to reach €404 million through the creation of the **Federal Actions Ethiques** fund, a portion of whose management fees are remitted to Fondation de France to help support environmental protection measures, followed by **Federal Europe ISR**, which invests in socially responsible companies, and Planète Bleue, which holds a portfolio of shares in companies providing cutting-edge environmental protection technologies. The management company demonstrates that solidarity and respect for human rights and the environment go hand in hand with investment returns and performance.



2012 : creation of a site-specific Carpool



## 5.4 REGIONAL INITIATIVES

FOR CRÉDIT MUTUEL ARKÉA, SUPPORTING REGIONAL ECONOMIC GROWTH IS AN EXTENSION OF ITS OWN DEVELOPMENT.

The creation of a specialized division dedicated to companies and institutions reflects the Group's commitment to being a key partner at both the regional and national levels. The Group is continuing its policy of supporting regional economic development, as its subsidiaries **Arkéa Capital Investissement** and **Arkéa Banque Entreprises et Institutionnels** helped to finance the buyout of Traou Mad by the agribusiness firm Galapagos. In a similar fashion, Arkéa Capital Partenaire, which has more than €400 million in capital, has

Promote a social model  
that places human  
values at heart of  
any project.

invested in medium-sized companies based in our home regions, mainly in Brittany. The Group has also become a partner of Eilañ, a new investment company dedicated to the development of renewable energies in Brittany.

**Crédit Mutuel Massif Central** continues to be a key partner in the Auvergne region, with a €5 million financial agreement over 15 years to promote regional development projects. CMMC was also the first regional bank to join “**Auvergne Nouveau Monde**” and support this project, which is entirely consistent with the Group's own mutual and solidarity-based values.

**The goal of this project** is to promote a development model more focused on openness with the world and a society that puts people and youth at the core of each project.

Meanwhile, **Crédit Mutuel du Sud-Ouest** signed partnership agreements with Cap Sciences and the higher educational institutions Sciences Po/Sud-Ouest and, in late 2012, University of Bordeaux Foundation. Also in this region, Suravenir acquired the Calon-Ségur vineyard. This long-term investment is aimed at diversifying Suravenir's general account on the one hand and demonstrating the Group's commitment to supporting the real local and regional economy on the other. Lastly, Crédit Mutuel Sud-Ouest signed a major financing agreement with the Gironde General Council, thereby reaffirming its local and regional roots as well as the Group's pride in participating in the development of the local economy.

**Crédit Mutuel Arkéa continues to be a key partner for non-profit associations and organizations.** It has 61,408 associations as clients, with total savings outstanding of €946 million and €291 million in loans granted to help these entities with their economic and social development.

**The CMB, CMMC and CMSO federations and Arkéa Banque Entreprises et Institutionnels financed sustainable development projects** such as photovoltaic technology, wind power and methanization (mainly the federations). Loan outstandings totaled nearly €169 million at end-2012.

## 5.5 ACTIONS ON BEHALF OF CITIZENS

THE GROUP CARRIES OUT INITIATIVES ON BEHALF OF CITIZENS BY PROMOTING NEW INITIATIVES AND SOLIDARITY SYSTEMS THAT HAVE PROVEN THEIR WORTH.

The creation in 2010 of the Ark'ensol association – the name combines “Ark” for Arkéa and “sol” for solidarity – makes it possible to bring the solidarity-based initiatives under one roof and extend them to the three Crédit Mutuel Arkéa federations. With an annual capital allocation of nearly €2.5 million, Ark'ensol focuses its actions from “the neighborhood to the world” and works either directly or in partnership with other institutions and associations.

Ark'ensol's efforts are supported by two specialized associations:

- Ark'ensol Créavenir, which provides financial support for investments made by companies and associations that create sustainable jobs and local development.
- Ark'ensol Entraide, which monitors the systems for aid to distressed borrowers and personal micro-credit, and strives to promote research into solutions for customer shareholders experiencing temporary or recurring difficulties. The Association helped 220 borrowers who

received €571 thousand in financial assistance along with 297 clients or customer shareholders who were granted €614 thousand in personal micro-loans during the year.

The Group's commitment to helping its customer shareholders and clients with their daily needs also prompted the creation in 2012 of Arkéa Assistance, a subsidiary that offers remote assistance through the Group's retail networks.

Finally, the Group is positioned as a leading financial partner of the public housing sector, notably through public rental housing construction loans (PLS), with terms that are among the most attractive in the market. Armorique Habitat, a specialized public housing subsidiary in Brittany, also promotes the right to housing and social diversity. Arkéa Banque Entreprises et Institutionnels is also strengthening its presence among local authorities and low-income housing (HLM) organizations, with a sharp increase in financing in 2012.





# 5.6 CSR INDICATORS

## NOTE ON METHODOLOGY

The CSR indicators listed below are part of a measurement and reporting methodology first developed in 2008 and updated annually in a manner consistent with the Crédit Mutuel Group's CSR policy.

This methodology organizes the rules for gathering, calculating and consolidating indicators, their scope and the controls performed. It is intended for use by the data collectors from the Crédit Mutuel federations and subsidiaries contributing to the reporting. It formalizes the audit trail for both internal and external verifications. With respect to governance and social data, the Group's overall scope is taken into account. For the societal and environmental data, the scope is indicated in the table below, which covers 94% of the Group as a whole.

The approach used is based in particular on:

- article 225 of the Grenelle 2 law,
- the French New Economic Regulations law,
- the French Environment and Energy Management Agency (ADEME) method (V2) for preparing greenhouse gas emissions balance sheets,
- ongoing discussions with participants,
- the cooperative principles of the International Cooperative Alliance (ICA),
- the Statement of the Cooperative Identity,
- the Global Compact (member since 2004),
- the transparency code of the French Financial Management Association – Forum for Socially Responsible Investment (AFG-FIR),
- the certification of Inter-Union Employee Savings Committee (Comité intersyndical de l'épargne salariale - CIES).

Several indicators defined by the Grenelle II law and the French Commercial Code do not appear in this Registration Document but are available in the Group's Corporate Social Responsibility (CSR Report). Criteria that do not apply to the Group's activity (noise pollution, soil use, etc.) were excluded from this report.

## DATA SCOPE

- UES Arkade (three Crédit Mutuel federations + Arkéa Banque Entreprises Institutionnels + Arkéa Crédit Bail + Arkéa Capital Invest + Arkéa Capital Gestion + Arkéa Banking Services + Federal Finance + Arkéa Assistance + Europim + Caisse de Bretagne de CAM)
- the eligible subsidiaries outside of UES Arkade (Arkéa SCD + Suravenir + Suravenir Assurance + Novelia + Monext + Fortuneo + Financo + Leasecom

The following entities are excluded from this scope: Banque Privée Européenne, Pro Capital Securities Services, CFCAL, Armorique Habitat et Foncière Investissement.Investissement.

GOUV16	Number of new directors – Federations	3
GOUV17	of which, women	3
GOUV34	% of women among new directors	47.12%
GOUV56	Training: total number of hours provided to directors	15,881
GOUV67	Number of customer shareholders convened	1,412,368
GOUV68	Number of customer shareholders present or represented	52,361
GOUV70	Participation in Shareholders' General Meetings: % participation in votes	3.71 %
SOC1	Total number of employees	8,982
SOC3	of which, outside of France	3
SOC13	Recruiting: total number of hires	1,197
SOC15	of which, women	685
SOC19	Number of employees with long-term employment contracts exiting the organization	417
SOC38	Total number of days absent	169,400
SOC39	of which, illness	120,707
SOC40	of which, accident	1,700
SOC46	Sum invested in employee training	20,535,390
SOC47	% of total payroll dedicated to training	5.40%
SOC57	Number of people in management committees	75
SOC58	of which, women	12
SOC59	Number of female managers	1,785
SOC60	% of women among managers	40.48%
SOC73	Gross payroll amount in € (long-term contracts, temporary contracts, employees and non-managers, service staff) (indicator 211 in the social audit)	380,285,000
SOC74	Gross average annual compensation (€) - average validated for all UES Arkade employment categories	38,565
SOC75	Gross average annual compensation (€) - average validated for UES Arkade non-management employee category	31,299
SOC76	Gross average annual compensation (€) - average validated for UES Arkade management employee category	44,499
SOT7	% of points of sale in rural areas	NR
SOC8	point of sale coverage of tax-free areas	NR
SOT10	Number of micro-credits granted during the year	297
SOT11	Average amount of micro-credits granted	2,118
SOT28	SRI outstandings (€)	404,218,214
SOT40	Number of non-profit organization clients (associations, unions, works councils, etc.)	61,408
SOT71	Outstandings of regulated social loans (PLS, PSLA)	634,091,035
ENV5	TOTAL ENERGY CONSUMPTION (kWh)	55,033,446
ENV6	of which, EDF	50,297,483
ENV7	of which, GDF	4,228,507
ENV8	of which, fuel oil	507,456
ENV9	PAPER CONSUMPTION (metric tons)	1,469
ENV10	of which, paper for internal use	1,371
ENV11	of which, paper for external use	67,5
ENV12	Purchasing/Suppliers % recycled paper purchased	19.84%







# 6 GENERAL INFORMATION



# INFORMATION ABOUT THE COMPANY

## REGISTERED COMPANY NAME AND TRADE NAME:

Crédit Mutuel Arkéa

## PLACE OF REGISTRATION AND REGISTRATION NUMBER:

Siren number: 775 577 018 Brest Corporate  
and Trade Register/APE Code: 651 D

## CREATION DATE AND INCORPORATION PERIOD:

The company was created on September 24, 1960 for a period of 99 years, i.e. its registration expires on September 23, 2059.

## REGISTERED OFFICE:

1 rue Louis Lichou, 29480 Le Relecq-Kerhuon  
Telephone: +33 (0)2 98 00 22 22  
Fax: +33 (0)2 98 28 46 32

## LEGAL FORM:

The company is a French-incorporated variable capital credit cooperative. It is also a union of cooperatives.

It is subject to the following laws:

- Law of September 10, 1947 on cooperatives;
- Articles L 231-1 to L 231-8 of the French Commercial Code on variable capital;
- the provisions of the French Commercial Code on commercial companies;

- the provisions of the French Monetary and Financial Code on the activity and control of credit institutions;
- Articles L 512-55 to L 512-59 of the French Monetary and Financial Code and all laws related to Crédit Mutuel;
- the provisions of its by-laws and internal regulations.

## NATURE OF CONTROL OVER THE COMPANY:

The Group's basic unit is the local savings bank ("Caisse local"). Each local savings bank has a restricted area of operations and its capital is owned by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is owned by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations. No agreement exists that is likely to result in a change of control in the company.

## LITIGATION AND ARBITRATION

As of the publication date of this Registration Document, neither the company nor any other member of the Crédit Mutuel Arkéa Group is or has been involved in any governmental, judicial or arbitration action (including any pending or imminent procedure about which the company has knowledge) that could have, or has had within the past 12 months, a material impact on the financial situation or profitability of the company and/or Crédit Mutuel Arkéa Group.

## MAJOR AGREEMENTS

No major agreements (other than agreements entered into as part of the company's ordinary business) have been entered into that could bestow on any member of the Crédit Mutuel Arkéa Group a right or obligation that would have a material effect on the company's ability to fulfill its obligations pursuant to the financial securities issued on behalf of their holders.

## MATERIAL CHANGE IN THE COMPANY'S FINANCIAL SITUATION

No material change in the company's financial situation has occurred since the end of the last fiscal year, and notably since the approval of the 2012 financial statements by the company's Board of Directors on March 1, 2013.

## AUDIT OF THE ANNUAL HISTORICAL FINANCIAL INFORMATION AND SOURCES OF FINANCIAL INFORMATION APPEARING IN THIS DOCUMENT

- For the 2012 fiscal year:  
See the statutory auditor's report for 2012.
- For the 2011 fiscal year:  
See the statutory auditor's report for 2011.
- For the 2010 fiscal year:  
See the statutory auditor's report for 2010.



This Registration Document does not include any other information audited by the statutory auditors, and all financial information appearing in this document is taken from the company's audited financial statements.

This Registration Document contains no information from third parties, statements of experts or statements of interest.

#### EARNINGS FORECASTS OR ESTIMATES

This Registration Document contains no earnings forecasts or estimates.

#### DATE OF MOST RECENT AUDITED FINANCIAL INFORMATION

The date of the most recent audited financial information is December 31, 2012. This information was certified by the Board of Directors on March 1, 2013 and will be submitted to the Shareholders' General Meeting for approval on April 25, 2013.

No quarterly or interim financial information has been published subsequent to the most recent audited financial statements.

#### DOCUMENTS AVAILABLE TO THE PUBLIC AND DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the Registration Document is valid, a copy of the following documents may, where applicable, be viewed:

- the company's original charter and by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements prepared by an appraiser at the request of the company included in this Registration Document;
- the financial information of the Crédit Mutuel Arkéa parent company and Group for the fiscal years ending December 31 of 2010, 2011 and 2012;
- this Registration Document;
- Registration Document number D.12-0327 of April 12, 2012 incorporated by reference and updated on September 3, 2012 under number D.12-0327-A01;

- Registration Document number R.11-028 of May 23, 2011 incorporated by reference and updated on September 5, 2011 under number D.11-0435-A01;
- Registration Document number R.10-046 of June 17, 2010 incorporated by reference and updated on September 7, 2010 under number D.10-0300-A01.

The Issuer assumes responsibility for the information incorporated by reference.

Registration Document number D.12-0327 of April 12, 2012 incorporated by reference and updated on September 3, 2012 under number D.12-0327-A01 as well as this Registration Document are also available on the web site of the French Financial Markets Authority: [www.amf-france.org](http://www.amf-france.org)

These documents may be viewed at the company's registered office during normal business hours. A copy of this Registration Document will be sent at no cost to any person requesting it. These documents may also be viewed on the company's web site ([www.arkea.com](http://www.arkea.com)).

#### INCORPORATION BY REFERENCE

In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, the reader is advised to consult the previous Registration Document filed on April 12, 2012 under number D.12-0327 with respect to certain information, notably financial information regarding the company's net assets, financial situation and earnings:

1. For the 2011 fiscal year:  
pages 85 to 142
2. For the 2010 fiscal year:  
pages 62 to 111
3. For the 2009 fiscal year:  
pages 79 to 91 and 96 to 139

Other information included in the previous Registration Document separate from the information cited above was, in some cases, replaced and/or updated with information included in this Registration Document.







# 7 PERSON RESPONSIBLE



**PERSON RESPONSIBLE FOR THE  
INFORMATION CONTAINED IN THIS  
DOCUMENT**

Ronan Le Moal, Chief Executive Officer  
of Crédit Mutuel Arkéa.

**STATEMENT OF THE PERSON  
RESPONSIBLE FOR THIS DOCUMENT**

After having taken all reasonable measures,  
I hereby certify that to the best of my  
knowledge, the information contained in this  
Registration Document is accurate and factual  
and that there are no omissions that would  
alter its meaning.

I received from the statutory auditors of the  
financial statements a work completion letter,  
in which they state that they have audited  
the information pertaining to the financial  
situation and financial statements presented  
in this Registration Document as well as  
the overall presentation of the Registration  
Document.

The historical information related to the fiscal  
year ended December 31, 2012, prompted  
a report by the statutory auditors of the  
financial statements. This report appears on  
page 211 of the Registration Document.

Relecq Kerhuon, April 08, 2013

Ronan Le Moal,  
*Chief Executive Officer*  
*of Crédit Mutuel Arkéa*





# 8 STATUTORY AUDITORS





THE COMPANY’S 2012 CONSOLIDATED FINANCIAL STATEMENTS WERE AUDITED BY:

Principal statutory auditors:

<b>MAZARS</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France	and	<b>DELOITTE &amp; ASSOCIÉS</b> 185, avenue Charles de Gaulle - BP 136 92524 Neuilly-sur-Seine Cedex France
<ul style="list-style-type: none"><li>• Represented by Charles de Boisriou</li></ul> Start of initial term: 1976 Expiration of current term: December 31, 2014  The decision to renew the term of Mazars represented by Charles de Boisriou beginning with the 2012 fiscal year was made on April 23, 2009 for a six-year period.		<ul style="list-style-type: none"><li>• Represented by Jean-Marc Mickeler</li></ul> Start of initial term: 2007 Expiration of current term: December 31, 2014  The decision to renew the term of Deloitte & Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.

Alternate statutory auditors:

<b>MADAME ANNE VEAUTE</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France	and	<b>SOCIÉTÉ BEAS</b> 7-9, villa Houssay 92524 Neuilly-sur-Seine Cedex France
Start of initial term: 2012 Expiration of current term: December 31, 2014  The decision to appoint Anne Veaute was made on May 3, 2012 for the remaining term of Charles de Boisriou, i.e. three years.		<ul style="list-style-type: none"><li>• Represented by Pascal Pincemin</li></ul> Start of initial term: 2009 Expiration of current term: December 31, 2014  The decision to appoint Société Beas was made on April 23, 2009 for a six-year period.

THE COMPANY’S 2011 CONSOLIDATED FINANCIAL STATEMENTS WERE AUDITED BY:

Principal statutory auditors:

<b>MAZARS</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France	and	<b>DELOITTE &amp; ASSOCIÉS</b> 185, avenue Charles de Gaulle - BP 136 92524 Neuilly-sur-Seine Cedex France
<ul style="list-style-type: none"><li>• Represented by Franck Boyer and Charles de Boisriou</li></ul> Start of initial term: 1976 Expiration of current term: December 31, 2014  The decision to renew the term of Mazars represented by Franck Boyer was made on April 23, 2009 for a six-year period. Co-signed for 2011.		<ul style="list-style-type: none"><li>• Represented by Jean-Marc Mickeler</li></ul> Début du premier mandat : 2007 Start of initial term: 2007 Expiration of current term: December 31, 2014  The decision to renew the term of Deloitte & Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.

Alternate statutory auditors:

<b>MONSIEUR CHARLES de BOISRIOU</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France	and	<b>SOCIÉTÉ BEAS</b> 7-9, villa Houssay 92524 Neuilly-sur-Seine Cedex France
Start of initial term: 2009 Resignation on December 15, 2011  The decision to appoint Charles de Boisriou was made on April 23, 2009 for a six-year period.		<ul style="list-style-type: none"><li>• Représentée par Monsieur Pascal PINCEMIN</li></ul> Start of initial term: 2009 Expiration of current term: December 31, 2014  The decision to appoint Société Beas was made on April 23, 2009 for a six-year period.



THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2010 FISCAL YEAR WERE AUDITED BY:

Principal statutory auditors:

<p><b>MAZARS</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France</p> <p>• Represented by Franck Boyer Start of first term: 1976 Expiration of current term: December 31, 2014</p> <p>The decision to renew the term of Mazars represented by Franck Boyer was made on April 23, 2009 for a six-year period.</p>	<p>and</p> <p><b>DELOITTE &amp; ASSOCIÉS</b> 185, avenue Charles de Gaulle BP 136 92524 Neuilly-sur-Seine Cedex France</p> <p>• Represented by Jean-Marc Mickeler Start of first term: 2007 Expiration of current term: December 31, 2014</p> <p>The decision to renew the term of Deloitte &amp; Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.</p>
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Alternate statutory auditors:

<p><b>MONSIEUR CHARLES de BOISRIOU,</b> 61, rue Henri Regnault Exaltis 92075 La Défense Cedex France</p> <p>Start of initial term: 2009 Expiration of current term: December 31, 2014</p> <p>The decision to appoint Charles de Boisriou was made on April 23, 2009 for a six-year period.</p>	<p>and</p> <p><b>SOCIÉTÉ BEAS</b> 7-9, villa Houssay 92524 Neuilly-sur-Seine Cedex France</p> <p>• Represented by Pascal Pincemin Start of initial term: 2009 Expiration of current term: December 31, 2014</p> <p>The decision to appoint Société Beas was made on April 23, 2009 for a six-year period.</p>
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Resignation or dismissal of statutory auditors during the period covered by the historical financial information

In order to prepare for the change to a new chief auditor for Mazars, Franck Boyer and Charles de Boisriou co-signed the Group’s 2011 financial statements. As a result, Charles de Boisriou resigned as alternate statutory auditor on December 15, 2011.





# 9 STATUTORY AUDITOR'S REPORT





# 9.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*

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

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

## YEAR ENDED DECEMBER 31, 2012

Ladies and Gentlemen,

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

- the audit of the accompanying consolidated financial statements of Crédit Mutuel Arkéa;
- the justification of our assessments;
- the specific verification required by law.

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

## I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note «Changes in accounting method and correction of error» to the consolidated financial statements which exposes:

- Change in accounting method relating to the use of the SORIE method for the recognition of actuarial differences in post-employment benefits ;
- Change in accounting policy method to non-elimination of bonds issued by Crédit Mutuel Arkéa and subscribed by its life insurance subsidiary for the benefit of unit-linked contracts.
- The impact as at December 31, 2012 of the correction of error on the provision calculation method for credit risk at Financo.



## 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 that we bring the following matters to your attention:

### Changes in accounting method

As mentioned in the first part of this report, the note «Changes in accounting method and correction of error» to the consolidated financial statements which exposes the changes that occurred during the year.

As part of our assessment relating to the accounting principles applied by your company, our work consisted in verifying the appropriateness of these changes and their presentation.

### Impairment provisions for credit and counterparty risk

Crédit Mutuel Arkéa records impairment provisions to cover the credit and counterparty risk inherent to its business, as described in notes « Loans and receivables due from financial institutions and customers » from the Accounting principles and evaluation methods applied, 5, 6, 8 and 38 to the consolidated financial statements. We examined the control procedures applicable to monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses.

### Measurement of financial instruments

Crédit Mutuel Arkéa uses internal models and methodologies to measure its positions on financial instruments which are not traded on active markets (as described in notes: « Measurement of fair value of financial Instruments » from the Accounting principles and evaluation methods applied, 2, 4, 29a, 29b, 33 and 34 to the consolidated financial statements). Our work consisted in examining the control procedures applicable to the models used to measure them; in evaluating the appropriateness of the data and assumptions; and in verifying that the risks and results related to these instruments were taken into account. We also reviewed the control

procedures for the identification of financial instruments that can no longer be traded on an active market or whose valuation parameters are no longer observable and the data used to measure them.

### Impairment of available-for-sale assets

Crédit Mutuel Arkéa recognizes impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 4, 8, 34 and 38 to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

### Goodwill impairment tests

Crédit Mutuel Arkéa carried out impairment tests on goodwill which did not lead to the recording of impairment losses during the year ended 31 December 2012, as described in notes « Accounting for acquisitions and goodwill » from the Consolidation principles and 16 to the consolidated financial statements. We examined the methods used to implement these tests and the main assumptions and inputs used. We also reviewed the determination and accounting treatment of goodwill.

### Deferred tax assets

Crédit Mutuel Arkéa recognized deferred tax assets during the year, notably in respect of tax loss carry forwards, as described in note 10 to the consolidated financial statements. We examined the main estimates and assumptions used to record these deferred tax assets.

### Provisions for employee benefits

Crédit Mutuel Arkéa raises provisions to cover its employee benefit obligations, as described in notes 23, 23a and 36c to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

### Insurance

Some technical items specific to insurance companies of the Group, such as technical

provisions, are estimated in the prescribed manner and using actuarial techniques. The methods of valuation and the amounts involved are described in notes « Accounting principles for insurance » from the Accounting principles and evaluation methods applied, 22 and 35 to the consolidated financial statements. We examined the consistency of all assumptions and calculations used models as well as compliance assessments obtained with the requirements of the regulatory and economic environment.

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

## III - SPECIFIC VERIFICATION

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

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

Neuilly-sur-Seine and Courbevoie,  
on April 2, 2013

*The Statutory Auditors*

**DELOITTE & ASSOCIÉS**

Jean-Marc Mickeler

**MAZARS**

Charles de Boisriou





# 9.2 AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, prepared in accordance with Article L. 225-235 of the French Commercial Code

*This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

**FINANCIAL YEAR ENDED  
DECEMBER 31<sup>ST</sup>, 2012**

Sir, Madam,

In our capacity as Statutory Auditors of Crédit Mutuel Arkéa and in accordance with article L. 225-235 of the French commercial code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French commercial code for the financial year ending December 31<sup>st</sup>, 2012.

The Chairman is responsible for preparing and submitting for the approval of the board of directors, a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by article L. 225-37 of the French commercial code dealing in particular with corporate governance.

Our own responsibility is to:

- Communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- Attest that the report includes the other disclosures required by article L. 225-37 of the French commercial code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.



**Information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information**

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- Obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- Obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation;
- Determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the board of directors prepared in accordance with article L. 225-37 of the French commercial code.

**Other disclosures**

We hereby attest that the report of the Chairman of the board of directors includes the other disclosures required by article L. 225-37 of the French commercial code.

Neuilly-sur-Seine and Courbevoie,  
on April 2, 2013

***The Statutory Auditors***

**DELOITTE & ASSOCIÉS**

Jean-Marc Mickeler

**MAZARS**

Charles de Boisriou

The local and regional bank





## 9.3 SPECIAL REPORT

### of the Statutory Auditors on Regulated Agreements and Commitments

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

#### **SHAREHOLDERS' GENERAL MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

Sir/Madam,

As the statutory auditors of your company, we hereby submit our report on regulated agreements and commitments.

It is our responsibility to communicate to you, on the basis of information provided

to us, the basic characteristics, terms, and conditions of agreements and commitments brought to our attention or discovered by us during the course of our audit, without expressing an opinion on their usefulness and merit or seeking to discover the existence of any other agreements and commitments. It is your responsibility under Article R. 225-31 of the French Commercial Code to determine whether these agreements and commitments are in the company's interest and should be approved.

It is also our responsibility, where applicable, to provide you with the disclosures required under Article R. 225-31 of the French Commercial Code on the implementation during the past year of agreements and commitments previously approved by the Shareholders' General Meeting.

We have taken the steps we felt were necessary in order to comply with the professional standards promulgated by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) on this subject. These steps consisted of verifying the consistency of disclosures supplied to us with the underlying documents from which they were drawn.





## AGREEMENTS AND COMMITMENTS SUBMITTED TO THE SHAREHOLDERS' GENERAL MEETING FOR APPROVAL

### Agreements and commitments authorized during the past fiscal year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments authorized in advance by your Board of Directors.

#### TAX CONSOLIDATION AGREEMENT

##### Nature and purpose:

At its January 27, 2012 meeting, the Board of Directors approved the expansion of the scope of consolidation to include Suravenir beginning with the fiscal year that started on January 1, 2012 and to enter into a tax consolidation agreement with this company governing the allocation and payment of taxes.

##### Persons concerned:

Jean Pierre Corlay, Chairman of the Supervisory Board of Suravenir and Director of Crédit Mutuel Arkéa.

Marie Thérèse Groussard, Vice Chairman of the Supervisory Board of Suravenir and Director of Crédit Mutuel Arkéa.

Christian Péron, Director of Crédit Mutuel Arkéa and representative of Caisse de Bretagne de Crédit Mutuel Agricole to the Board of Directors of Suravenir.

#### CREDIT AGREEMENT

### Agreement entered into with Sofiproteol

##### Nature and purpose:

At its August 28, 2012 meeting, the Board of Directors approved the grant of a €48 million loan to Sofiprotéol through Soprol, Sofiprotéol and Glon Sanders. This loan brings the total amount of commitments with this counterparty to €90.5 million.

##### Persons concerned:

Jean-Pierre Denis, Chairman of the Board of Directors of Crédit Mutuel Arkéa and Director of Sofiprotéol.

### Agreement entered into with Paprec

##### Nature and purpose:

At its June 22, 2012 meeting, the Board of Directors authorized Paprec to establish an equipment leasing line of credit (€3 million), medium- and long-term financing (€2.9 million) and an interest rate hedging line of credit (€1 million) as well as the renewal of short-term credit lines, bringing the total volume of outstandings with this counterparty to €110.5 million.

##### Persons concerned:

Jean-Pierre Denis, Chairman of the Board of Directors of Crédit Mutuel Arkéa and Director of Paprec.

#### SUBSIDY TO A SUBSIDIARY

##### Nature and purpose:

Crédit Mutuel Arkéa, the parent company of Procapital Securities Services, provided financial assistance to its subsidiary in the form of an €18 million subsidy to allow it to continue operating with restored financial equilibrium and balance sheet ratios.

The Board of Directors approved this agreement on August 28, 2012.

##### Persons concerned:

Jacques Enjalbert, Chairman of the Supervisory Board of Procapital Securities Services and Director of Crédit Mutuel Arkéa.

Hugues Leroy, Vice Chairman of the Supervisory Board of Procapital Securities Services and Director of Crédit Mutuel Arkéa.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING

### Agreements and commitments approved in previous years and whose execution continued during the previous fiscal year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, which were approved by the Shareholders' General Meetings in prior years, continued to be implemented during the past year.

#### TAX CONSOLIDATION AGREEMENT

- On December 20, 2002, the Board of Directors authorized the renewal, effective January 1, 2003, of the tax consolidation plan agreed to by Crédit Mutuel Arkéa (formerly Caisse Interfédérale de Crédit Mutuel), CEOI-BIE and Crédit Mutuel Home Loans SFH (formerly Eurobretagne VII).

This tax consolidation agreement was expanded to consolidate the following companies for tax purposes beginning January 1, 2009: Suravenir Assurances, Suravenir Assurances Holding (all assets and liabilities transferred to Suravenir Assurances), Banque Privée Européenne, Arkéa Capital Partenaire (formerly Eurobretagne X), Federal Finance Banque, and Federal Finance Gestion.

This tax consolidation agreement, whose primary purpose is to determine tax allocations and payments, was signed with each of the subsidiaries on March 6, 2009 after having been authorized by the Board of Directors that same day.

- On December 10, 2009, the Board of Directors decided to consolidate Financo for tax purposes beginning January 1, 2010.

This tax consolidation agreement, whose primary purpose is to determine tax allocations and payments, was signed on December 31, 2009.

- On October 16, 2009, the Board of Directors decided to consolidate for tax purposes the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central networks beginning January 1, 2010.

This tax consolidation agreement, whose main purpose is to determine tax allocations and payments, was signed with the federations representing the local savings banks on February 9, 2010.

- On September 17, 2010, the Board of Directors decided to consolidate Crédit Mutuel Arkéa Public Sector SCF for tax purposes beginning January 1, 2010.

This tax consolidation agreement, whose primary purpose is to determine tax allocations and payments, was signed on November 15, 2010.

- On January 28, 2011, the Board of Directors approved the expansion of the scope of consolidation to include Arkéa Banque Entreprises et Institutionnels, Foncière Investissement, Novélia, Arkéa Banking Services (formerly Procapital Banking Services), Arkéa SCD (formerly Euro Arkéa 1), Arkéa Assistance (formerly Euro Arkéa 2), Monext, Monext Holding, Leasecom Group, Leasecom, Leasecom Financial Assets, and Leasecom Car beginning January 1, 2011, as well as the conclusion of tax consolidation agreements with these companies governing the allocation and payment of taxes.



### CREDIT AGREEMENT WITH SOFIPROTEOL

On March 4, 2011, the Board of Directors was informed that the Group's Credit Committee had recommended that Arkéa Banque Entreprises et Institutionnels should extend credit to Glon, a member of the Sofiproteol Group. Glon had asked to have its short-term debt restructured when it came up for renewal.

On July 1, 2011, the Board of Directors authorized the granting of €15 million in credit to the Sofiproteol Group, via Soprol, bringing its total commitments with this borrower to €104.9 million.

On August 26, 2011, the Board of Directors authorized the granting of €3.472 million in credit to the Sofiproteol Group, via Saipol, bringing its total commitments with this borrower to €107.8 million.

On October 14, 2011, the Board of Directors authorized the granting of €7.8 million in credit to the Sofiproteol Group, via Saipol, bringing its total commitments with this borrower to €100.6 million.

### CREDIT AGREEMENT WITH ALTRAD

On August 26, 2011, the Board of Directors was informed that it had been necessary to take emergency steps on July 13, 2011 to evaluate a credit facility application from the Altrad group. Arkéa Banque Entreprises et Institutionnels was granted an exception to the credit limit so that it could approve an application for €23 million over five years as well as the request to renew the credit lines.

This regulated agreement, which had not been authorized in advance by the Board of Directors, was approved by the Shareholders' General Meeting convened to approve the financial statements for the year ended December 31, 2011.

### CREDIT AGREEMENT WITH PAPREC

On July 1, 2011, the Board of Directors was informed that it had been necessary to take emergency steps on June 6, 2011 to evaluate a credit facility application from the Paprec group. Arkéa Banque Entreprises et Institutionnels was granted an exception to the credit limit so that it could approve an application for a guarantee of €6.5 million requested by the Paprec Group.

This regulated agreement, which had not been authorized in advance by the Board of Directors, was approved by the Shareholders' General Meeting convened to approve the financial statements for the year ended December 31, 2011. On August 26, 2011, the Board of Directors was informed that it had been necessary to take emergency steps on July 11, 2011 to evaluate a credit facility application from the Paprec group. Arkéa Banque Entreprises et Institutionnels was granted an exception to the credit limit so that it could approve an application for a guarantee of €20 million requested by the Paprec Group.

This regulated agreement, which had not been authorized in advance by the Board of Directors, was approved by the Shareholders' General Meeting convened to approve the financial statements for the year ended December 31, 2011.

### CREDIT AGREEMENT WITH PPR

On January 28, 2011, the Board of Directors authorized the granting of €5 million in credit to PPR, bringing its total commitments with this borrower to €80 million.



### OUTSOURCING AND SUPPORT AGREEMENT WITH ARKÉA CAPITAL PARTENAIRE

On May 20, 2011, the Board of Directors authorized the signing of an outsourcing and support agreement providing IT, accounting, legal, and financial resources to Arkéa Capital Partenaire.

In 2012, Crédit Mutuel Arkéa recorded income of €12,566 related to this agreement.

### AGREEMENT WITH CEOI-BIE

In order to enable CEOI-BIE to comply with Banque de France conditions for the revocation of its license, on November 6, 1998 the Board of Directors agreed that Crédit Mutuel Arkéa would guarantee all of CEOI-BIE's off-balance-sheet commitments to third parties beginning January 1, 1999.

No payments were made under this agreement during the past year.

### AGREEMENT WITH FINANCO

The Board of Directors' meetings of December 5, 1997, July 12, 2002, December 5, 2003, December 3, 2004, and December 2, 2005 authorized Crédit Mutuel Arkéa to subscribe participatory loans issued by Financo in the respective amounts of €2,642,551, €8,475,000, €9,322,500, €4,237,500, €13,940,217, and €20,000,000.

### EMPLOYMENT CONTRACT

On September 12, 2008, the Board of Directors approved the provisions of the suspension amendment to the employment contract of Jean-Pierre Denis, Chairman of the Board of Directors of Crédit Mutuel Arkéa. The employment contract suspension amendment stipulates the following:

- Date of suspension of the employment contract
- Conditions for reappointment upon term expiration
- Inclusion of term of office in the calculation of seniority and for all seniority-related benefits
- Provision of private unemployment insurance while the employment contract is suspended
- Compensation terms and conditions applicable if the contract is rescinded by Crédit Mutuel Arkéa, except in the case of termination for cause (faute grave) or gross negligence (faute lourde); specifically, the amounts owed by law and in accordance with the collective bargaining agreement, as well as net supplementary severance compensation equal to 18 months gross salary.

Neuilly-sur-Seine and Courbevoie, on April 2, 2013

#### *The Statutory Auditors*

#### **DELOITTE & ASSOCIÉS**

Jean-Marc Mickeler

#### **MAZARS**

Charles de Boisriou



# 9.4 STATUTORY AUDITOR'S STATEMENT ON THE PRESENCE of social, environmental and societal information in the Management Report

*This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

## YEAR ENDED DECEMBER 31, 2012

### Statutory auditor's statement on the presence of social, environmental and societal information in the Management Report

Sir/Madam,

Pursuant to the request we received in our capacity as statutory auditors of Crédit Mutuel Arkéa, we have prepared this statement on the consolidated social, environmental and societal information presented in the Management Report for the fiscal year ended December 31, 2012, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, referring back to Article 8 of the September 10, 1947 law 47-1775 on the legal status of cooperatives.

#### Management's responsibility

It is the responsibility of the Board of Directors of Crédit Mutuel Arkéa to prepare a Management Report that includes the consolidated social, environmental and societal information covered in Article R. 225-105-1 of the French Commercial Code (hereafter the "Information"), prepared in accordance with the benchmarks used by the

company and available upon request from the registered office.

#### Independence and quality control

Our independence is defined by regulatory provisions, the professional code of ethics and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system that consists of documented policies and procedures aimed at ensuring compliance with ethical rules, professional standards and applicable laws and regulations.

#### Responsibility of statutory auditors

It is our responsibility, based on our review, to certify that the required Information is present in the Management Report or, if such Information is omitted, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Application Law No. 2012-557 of April 24, 2012. However, it is not our responsibility to verify the accuracy of this Information.

To help us complete our work, we brought in our experts in corporate social responsibility.

#### Nature and scope of the work

We performed the following work in accordance with generally accepted French professional standards:

- we compared the Information presented in the Management Report with the list specified in Article R. 225-105-1 of the French Commercial Code;



- we verified that the Information covered the consolidated scope, namely the company, its subsidiaries (as defined by Article L. 233-1 of the French Commercial Code) and the companies it controls (as defined by Article L. 233-3 of the same Code), with the limits specified in the note on methodology presented in the Corporate Social Responsibility section of the Management Report;
- in the event certain consolidated information was omitted, we verified that explanations were provided in accordance with the provisions of Application Law No. 2012-557 of April 24, 2012.

### Conclusion

Based on our review, we certify that the required Information is present in the Management Report.

Courbevoie,  
on April 2, 2013

*One of the statutory auditors*

#### **MAZARS**

Charles de Boisriou  
*Partner*

Emmanuelle Rigaudias  
*Partner CSR & Sustainable Development*







# 10 CROSS-REFERENCE TABLE





# CROSS-REFERENCE TABLE OF THE REGISTRATION DOCUMENT

This Registration Document was drafted using the outline presented in Appendix XI of EC Regulation No. 809/2004 of the European Commission of April 29, 2004, whose section headings listed below refer to events presented in this Registration Document.

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# CROSS-REFERENCE TABLE OF THE 2012 ANNUAL MANAGEMENT REPORT RELATED TO CRÉDIT MUTUEL ARKÉA GROUP

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**Crédit Mutuel ARKEA** 

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