Crédit du Nord Group

Registration Document And Annual Financial Report 2011

This document is a free translation into English of the Registration Document (Document de Référence) issued in French. Only the French version of the Registration Document has been submitted to the AMF. It is therefore the only version legally binding.

The original document was filed with the AMF (French Securities Regulator) on April 27, 2012, in accordance with article 212-13 of its General Regulation. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF. This document was produced by the issuer and is binding upon its signatory.

BANQUE COURTOIS · Banque Kolb · Banque Laydernier · BANQUE NUGER · Banque Rhône-Alpes · Banque Tarneaud · Société Marseillaise de Crédit · Crédit du Nord

CONTENTS

Corporate Governance as at December 31, 2011

Board of Directors	Date of 1st appointment	Term of mandate expires at the Shareholders' Meeting in May
Chairman of the Board of Directors		
Jean-François SAMMARCELLI	January 1, 2010	2013
Directors		
Didier ALIX	January 7, 2010	2012
Christophe BONDUELLE	May 6, 2011	2015
Séverin CABANNES	February 21, 2007	2012
Pascal COULON*	July 23, 2009	2012
Patrick DAHER	September 15, 2005	2013
Jean-Pierre DHERMANT*	November 16, 2006	2012
Bruno FLICHY	April 28, 1997	2015
Philippe HEIM	May 12, 2010	2013
Angélina HOLVOET*	December 19, 2009	2012
Thierry MULLIEZ	May 6, 2011	2015
Patrick SUET	May 3, 2001	2015
Vincent TAUPIN** [(1)]	November 3, 2009	2015

* *Employee representative*

** *Chief Executive Officer*

The Board of Directors met four times in 2011 to examine the budget, yearly and half-yearly financial statements and discuss strategic decisions concerning commercial, organisational and investment policies, particularly the partial contributions of assets subsequent to the acquisition of Société Marseillaise de Crédit in September 2010.

The Compensation Committee, consisting of Messrs. Jean-François SAMMARCELLI and Patrick SUET, met to submit a proposal to the Board of Directors concerning fixed and performance-based compensation, including benefits, for corporate officers.

Executive Committee

Vincent TAUPIN, Chief Executive Officer, [(1)]

Philippe AMESTOY, Deputy Chief Executive Officer - Head of Marketing,

Jean-Louis KLEIN, Deputy Chief Executive Officer - Head of Business Clients,

Thierry LUCAS, Deputy Chief Executive Officer - Head of Information Systems, Projects and Banking Operations,

Pierre BONCOURT, Head of Human Resources,

Frédéric FIGER, Chief Financial Officer,

Gilles RENAUDIN, Head of the Central Risk Division,

Odile THOMAZEAU, Company Secretary,

Jérôme FOURRÉ, Head of Communications (attends Executive Committee meetings).

(1) Vincent Taupin resigned from his offices as Director and Chief Executive Officer on January 11, 2012. He was replaced by Philippe Aymerich.

Activity

1

Key figures as at December 31, 2011

Group: consolidated figures

Balance sheet

(in EUR millions)	31/12/2011 IAS/IFRS	31/12/2010 IAS/IFRS	% change 2011/2010 IAS/IFRS
Customer deposits	28,241.0	24,270.2	+16.4
Customer loans	34,227.6	30,732.9	+11.4
Shareholders' equity[1]	2,594.4	2,326.2	+11.5
Doubtful loans (gross)	2,038.7	1,942.1	+5.0
Write-downs of individually impaired loans	-1,037.3	-1,010.4	+2.7
TOTAL BALANCE SHEET	**55,157.7**	**46,336.4**	**+19.0**
ASSETS UNDER MANAGEMENT[2]	25,858.3	27,834.1	-7.1

(1) *Including income in progress.*

(2) *Excluding custody for third parties and restated for the mutual funds included in life insurance products.*

Income statement

(in EUR millions)	31/12/2011 IAS/IFRS	31/12/2010 IAS/IFRS	% change 2011/2010 IAS/IFRS
Net Banking Income	1,936.1	1,657.8	+16.8
Gross Operating Income	704.5	567.1	+24.2
Operating income before corporation tax	508.2	393.4	+29.2
Consolidated net income	314.8	263.4	+19.5

Ratios

(in %)	31/12/2011	31/12/2010
Cost of risk / Outstanding loans	0.56%	0.55%
Shareholders' equity / Total balance sheet	4.70%	5.02%
Tier 1 capital(1) / Total Basel 2 risk-weighted exposure(2)	7.22%	6.71%

(1) *Including income in progress, net of forecasted divident payout.*
(2) *After application of additional minimum capital requirements, i.e. a floor of 80% at 31/12/2010 and 31/12/2011.*

Ratings

		31/12/2011	31/12/2010
Standard and Poor's	ST	A - 1	A - 1
	LT	A +	A +
Fitch	CT	F1 +	F1 +
	ST	A +	A +
	Intrinsic (*)	bbb +	BC

(*) *The intrinsic rating is Crédit du Nord Group's individual rating as determined by the rating agency, i.e. separate from Societe Generale Group.*

Contribution of Crédit du Nord (parent company)

(in EUR millions)	31/12/2011 IAS/IFRS	31/12/2010 IAS/IFRS	% change 2011/2010 IAS/IFRS
Net Banking Income	1,137.0	1,064.7	+6.8
Gross Operating Income	452.2	378.9	+19.3
Net income	265.4	251.3	+5.6

2011 highlights

Strategy

The consolidation of Société Marseillaise de Crédit within the Group continued in 2011 and will be completed in 2012. Acquired in September 2010, Société Marseillaise de Crédit will help Crédit du Nord to increase its market share and NBI in the southeast of France across all of its markets.

Network structure

In 2011, Crédit du Nord Group's banking network was expanded with the opening, or preparation for the opening, of six new branches: La Rochelle (Banque Tarneaud), Montluçon (Banque Nuger), La Ciotat (Crédit du Nord), Mérignac (Banque Courtois), Champigny sur Marne (Crédit du Nord) and Remiremont (Banque Kolb).

At December 31, 2011, the Crédit du Nord Group network comprised 938 branches.

Individual customers

March

New internet service: management of payment beneficiaries

With this new service, individual clients can enter new payment beneficiaries and validate them online using a security code received by text or via an IVR (interactive voice response) server.

April

Changes to Libertimmo 4

Since April 15, the **Libertimmo 4** property loan has included a fixed-rate period of 3 or 7 years, followed by a capped revisable-rate period. This offer is available for all maturities ranging from 15 to 25 years. Prepayment indemnities have also changed: 3% over the fixed-rate period and 1.5% over the revisable-rate period.

Launch of the prepaid debit/credit card

The **debit-credit card** is a «2 in 1» card which can be used to pay cash or credit for each payment or withdrawal[1].

There are two versions of the **debit-credit card**: Carte Bleue Visa Debit-Credit and Carte Visa Premier Debit-Credit. It also offers a two-year extension of manufacturer warrantees[2] on purchases of IT, audiovisual and household electrical products with a value of more than EUR 75 and paid for in cash or credit. Withdrawals and purchases made in credit are charged directly to the revolving Etoile Avance[3] credit facility.

(1) *Subject to the Bank's approval.*
(2) *See terms and conditions at the Branch.*
(3) *Up to the authorised limit.*

Professionals and Associations customers

January

Launch of quick and flexible financing solutions

Facilinvest is a credit facility targeting professional customers, which can be used to finance investments of EUR 3,000 to 10 000, subject to the Bank's approval of the credit application. **Facilinvest** can also be used at any time for investments starting at EUR 1,000 simply by submitting the paid invoices.

CGA Avenir is a new express factoring solution aimed at financing receivables up to EUR 100,000. With **CGA Avenir**, professional customers can reduce their administrative costs and secure revenues: **CGA Avenir** settles the invoices transferred, sends out reminders and handles collections, where necessary.

Business and Institutional customers

September

Antarius Compétence Clé: «key employee» insurance to protect the company

Every company has one or more employees who play a decisive role and whose departure could weaken, if not compromise, the company's business continuity. **Antarius Compétence Clé** provides financial support(1) to help business and institutional customers: meet their liquidity needs and financial commitments, temporarily offset any sudden declines in revenue, secure partnerships (with credit insurers, suppliers, clients or financial institutions), obtain the services of an expert or high-level executive to manage, recruit and fund the training of a new employee, and maintain its brand image.

(1) *In the event of the death, total and irreversible loss of autonomy, complete permanent incapacity (IPT) or complete temporary incapacity for work of the insured «key employee».*

Financial transactions

Over the course of 2011, Crédit du Nord has helped its customers prepare and carry out many types of financial transactions:

- IPOs;
- takeovers, buyout offers, squeeze-out procedures;
- disposals/recoveries of businesses;
- LMBOs;
- debt structuration and syndication;
- acquisitions;
- sales of small companies to larger companies operating in the same sector.

These transactions were completed by Crédit du Nord's Finance Division, some of which in cooperation with Étoile ID, Crédit du Nord Group's venture capital company, and brokerage firm Gilbert Dupont.

Awards and Distinctions

March

Crédit du Nord Group recognised for the quality of its online banking services

Crédit du Nord Group's online banking offer took the No. 1 spot in the banking-finance category of the 2011 Qualiweb/Stratégies Awards, ranking tenth in the general classification over ten years. Since 2001, Crédit du Nord has been nominated nine times and has won in its category four times: in 2001, 2004, 2008 and 2011.

The consistency of these awards demonstrate the Group's determination to offer the same level of service for all types of customer relations and communication channels: from one-on-one meetings between customers and their advisors at the branches to online banking to telephone contacts.

April

Competition surveys

Competition surveys[1] conducted by CSA with customers of the major French banking groups placed Crédit du Nord Group as No. 1 in individual customer satisfaction for the sixth year in a row. Crédit du Nord Group also took first place in terms of customer satisfaction among business customers and third place on the professional customers market.

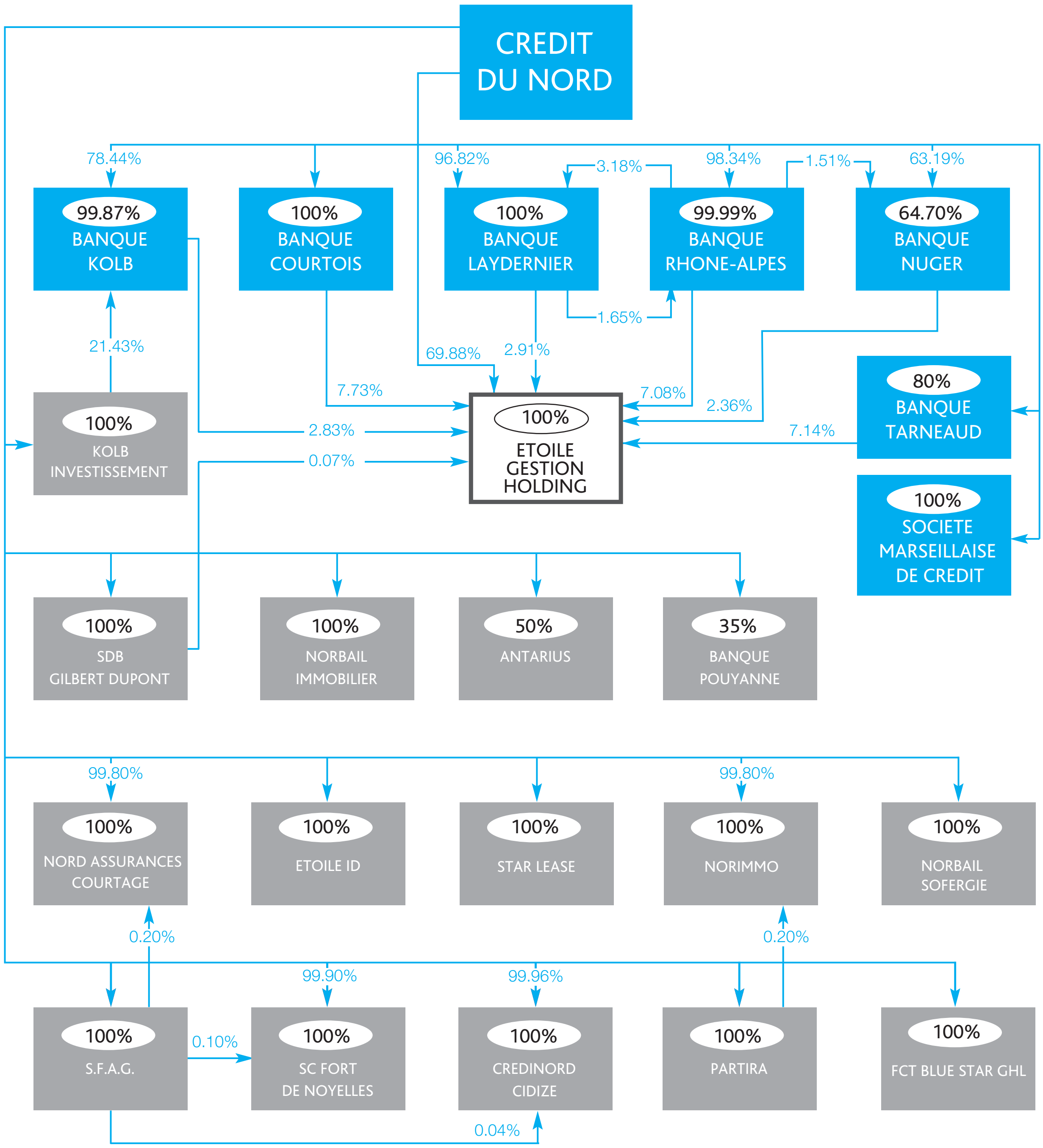
(1) *Competition surveys conducted by the CSA institute: from March 6 to April 9, 2011 with 4,564 individual customers of the top 11 French banks; from March 1 to April 8, 2011 with 3,419 professional customers of the top 10 French banks; from March 1 to April 8, 2011 with 2,782 business customers of the top 10 French banks.*

Group structure

The diagram below shows the links between the main Crédit du Nord Group entities.

Direct shareholdings are listed as well as the overall percentage of capital directly or indirectly held by the Group.

The consolidation scope is presented in its entirety in Note 2.



Consolidated Financial Statements

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Management Report

Financial Year 2011

Economic growth in Europe undermined by the debt crisis

The global economy went through two phases in 2011. The first lasted until July and saw the beginnings of a recovery, though at the same time austerity plans were announced in the most vulnerable countries. Emerging countries, particularly in Asia, posted robust growth, while the US economy continued to struggle with a still-recovering real estate market.

In the second phase, starting in August, the US credit rating was downgraded in light of the fragile situation in Greece and general wariness of euro zone countries, with the exception of Germany. As a result, several countries including France announced austerity plans as they struggled with an increasingly fragile economy. A number of European countries such as Italy, Spain and Portugal saw their credit rating downgraded. Standard & Poor's cut France's rating from AAA to AA+ in early 2012.

Against this backdrop, the banking sector was hit with another liquidity crisis, leading the ECB to take emergency measures. Meanwhile, banks launched monetisation operations to make their receivables eligible for ECB financing.

2011 was exceptionally busy on the monetary policy front: the ECB raised its key rate twice in the first half of the year due to inflation pressure and subsequently lowered it twice in the wake of the summer crisis, ending the year at 1%. Meanwhile, the US maintained an accommodative monetary policy, keeping its key rate at 0.25%. Long-term rates climbed until mid-April before heading back down again.

Growth see-sawed in France, with no two quarters alike. GDP growth for the full year was limited to +1.6% (source: INSEE). The job market took a major turn for the worse, with the unemployment rate up sharply compared to 2010, reaching +9.7%.

The real estate market was in good shape until the summer, as interest rates remained low, but then demand dropped off significantly towards the end of the year alongside household consumption.

After picking up slightly in the first half, the stock markets began to nosedive in August 2011 as the European sovereign debt worsened and expectations of a global economic slowdown took hold. In France, the CAC 40 finished the year at 3,160 points on December 31, 2011, down 17% compared to December 31, 2010.

Despite the exacerbated economic environment, 2011 was another stellar year for Crédit du Nord Group in terms of business and earnings growth

Crédit du Nord Group recorded growth of 16.8% in consolidated NBI and 24.2% in GOI. The cost/income ratio fell by 2.2 points to 63.6%. Operating income improved by 29.5%. Net income (Group share) increased by 19.5% to EUR 314.8 million, and ROE stood at 13.0%, with a Tier One ratio of 7.2%.

It should be noted that Crédit du Nord's consolidated financial statements for the first nine months of 2010 did not include the income generated by Société Marseillaise de Crédit, acquired in September 2010 and consolidated in the fourth quarter.

Excluding SMC and restated for changes in PEL/CEL provisions and the fair value measurement of its financial liabilities, the Group's NBI was up 5.0% in 2011. Through solid management of operating expenses, Crédit du Nord's GOI after restatements rose by 7.5%. Lastly, after incorporating the rise in cost of risk over the period (+5.9% excluding SMC), restated operating income was up 8.3%.

Excluding SMC's contribution, the margin on deposits improved by a very impressive 11.7% in 2011. This growth was underpinned by the strong performance in sight deposits across all markets as well as that of special savings accounts, where growth was driven by passbook savings account deposits.

The margin on loans rose by 1.3% (excluding SMC), buoyed by persistently strong momentum in property loan origination, growth in investment loans to business customers and a resurgence in their use of short-term credit facilities. The market environment brought down margins levels on origination, however.

Service fee income posted a strong increase of 4.0% (excluding SMC), drawing once again on the development of the customer base and continuous efforts to increase the number of banking and insurance products and services sold to customers.

Financial fee income fell 3.4% year-on-year, due to the deterioration of financial conditions in the second half. Life insurance fees picked up on the back of growth in assets under management, despite the outflows observed at the end of the year. Mutual fund management fees were sharply lower, however, as returns generated by money market SICAVs were severely undercut by low short rates and the contraction in assets under management.

Société Marseillaise de Crédit: a promising growth driver for the Group

Société Marseillaise de Crédit posted much improved business and results over the year, boasting new customers in the individual, professional and business markets alike. The bank has a network of 143 branches in the south of France, with plans to expand through its consolidation by Crédit du Nord Group.

SMC holds major development potential for Crédit du Nord Group in all its markets, and particularly in property loans, where origination rose by 30.4% year-on-year, thus confirming the bank's projected growth potential. Financial year 2011 also saw the roll-out of Crédit du Nord's life insurance and mutual fund offer at SMC. In the professional and business customers markets, equipment leasing, factoring and employee savings plans are now offered to SMC clients. With the extension of the product offer, both markets posted an increase in revenues.

Meanwhile, Crédit du Nord continued to enjoy the benefits of its 2004-2009 branch opening programme

In late 2004, Crédit du Nord launched an ambitious plan to open new branches.

Since June 2004, more than 150 new branches have been opened in high-potential areas spread across mainland France. These branch openings enabled a number of individual customers in large cities, and in particular the Paris and greater Paris area, to transfer their accounts to branches closer to their place of residence, thereby facilitating their banking relations.

These new branches are making significant contributions to Crédit du Nord Group's commercial and financial performances, and in 2011 they attracted 16% of the Group's new individual and professional customers.

These customer bases offer tremendous potential for increasing the number of banking products and services subscribed for by customers. Further, their development represents a key growth driver for the future.

Crédit du Nord presses ahead with programmes designed to improve business efficiency and customer satisfaction

Crédit du Nord wrapped up technical and infrastructure projects launched a number of years ago while laying the foundation for new renovation projects to be carried out together with Société Générale's retail networks.

Branch workstations were equipped with additional new features, with the incorporation of new working situations and new products and services.

In 2011, new tools were added to workstations to prevent limit breaches and anticipate cash flow problems for professional and business customers.

On the sales front, initiatives to improve the multi-channel offer continued throughout the year, with one such improvement enabling individual customers to manage the beneficiaries of their payments online. In addition, professional and business customers now have new, more user-friendly websites on which they can manage domestic payments and view unpaid cheques online.

New data was added to the sales monitoring application, rolled out two years ago and drawing on a single database.

Furthermore, the Convergence project – with the aim of creating a joint information system with Societe Generale – is in progress. The preliminary versions of the joint workstation were deployed at the end of the year; convergence towards a single lead manager of logons to market systems Core and Step2 was completed. The pooling of contract management and credit approval applications will begin in 2012.

By integrating SMC in Crédit du Nord's information system in April 2012, SMC will be able to expand its range in bank insurance, financial savings, consumer finance and revolving credit.

Sales activity

The analysis of Crédit du Nord Group's sales activity covers the entire scope of the Group's banks, i.e. Crédit du Nord and its subsidiary banks, including SMC, which was acquired on September 30, 2010.

The indicators shown relate to euro-based businesses, which account for virtually all of the Group's activities. Outstanding loans and growth in customer bases are based on end-of-period figures (i.e. end- December).

Further development of the customer base

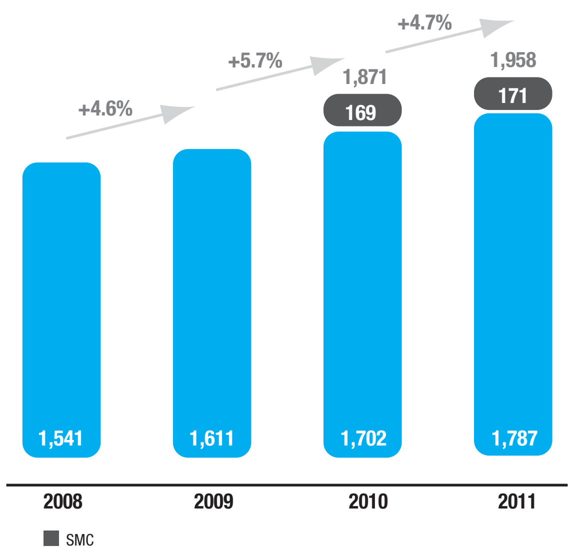
The **individual customer** base grew by another 4.7% in 2011, representing an additional 87,000 clients compared to 2010. The individual customer base totalled 1,958,000 at December 31, 2011, including more than 171,000 SMC customers.

The expanding customer base drew on the Group's efforts to win new customers, notably through recommendations and housing loans, the implementation of staff retention strategies and the contribution from new branches.

Individual customer base

(at December 31)

Number of customers (in thousands), 2011 change, incl. SMC



Growth rates are determined based on precise figures and not on the rounded figures shown in the charts. This comment applies to all charts contained in this report.

The Livret A passbook savings account recorded inflows thanks to the 25-bp increases in the rate of return on February 1 and August 1, bringing it to 2.25%. In 2011, nearly 95,000 Livret A passbook savings accounts were opened by our customers or their children, for a total of more than 313,000 accounts sold by Crédit du Nord since the launch. At the end of 2011, funds invested in Livret A passbook savings accounts totalled EUR 1.6 billion.

In life insurance, the Etoile Cliquet 90 diversified, guaranteed capital fund, eligible for unit-linked accounts, was a great success, with almost EUR 210 million in inflows since January 1, 2011. At the same time, Antarius Duo and Antarius Sélection posted new inflows with nearly 42,500 policies sold in 2011.

The year also boasted the success of personal protection and casualty insurance, with 82,000 policies sold over the period, and particularly strong growth in Antarius Protection and Protection Juridique policies.

Online banking services increased with nearly 137,000 new internet contracts opened in 2011. Internet contracts are now free for individual customers opting for a package deal.

Development of the **professional customer** base continues to be a key focus for Crédit du Nord, with new customers gained at a steady pace. The professional customer base expanded by 3.3% to nearly 200,000 in 2011, including 20,000 SMC customers. This result testifies to the quality of Crédit du Nord Group's close-knit network, with dedicated account managers to deal with both the private and commercial aspects of banking relations, counter services in all Group branches and a tailored offering.

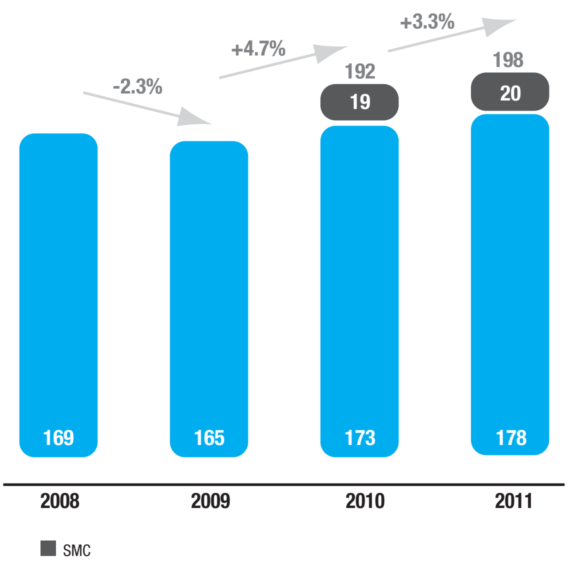
The number of products and services sold to professional customers further improved with the success of the Convention Alliance package, owned by 61% of the customer base. Moreover, nearly one of every two professional customers maintained both a commercial and a private relationship with the Bank. Sécurité Bleue Pro also enjoyed further success, with close to 27,000 contracts sold at December 31, 2011. Oustanding contracts rose by 20.0% year-on-year.

The number of Plans d'Epargne Interentreprises (intercompany savings plans) created for small businesses, individual entrepreneurs and independent professionals posted another sharp rise of 15.5% year-on-year. Visits to Crédit du Nord's professional customers website climbed by 2.8% compared to 2010, with 12.5 million logins.

Professional customer base

(at December 31)

Number of customers (in thousands), 2011 change, incl. SMC



The **business** customer base gained 3.2% to 46,700, including 8,500 SMC customers.

More than four out of five companies hold an active internet contract. The business customers website recorded over 4.2 million logins in 2011, up 3.7% compared to 2010.

New product launches

New products and services were launched in 2011. The revolving credit line for professional customers, Facilinvest, was initiated in January 2011 and met with great success, with over 4,500 contracts sold over the year. The debit/credit card for individual customers was launched in May. The card offers the option of paying cash or credit for each transaction, on store electronic payment terminals and at ATMs. The savings range for individual customers was also expanded with the Thésauris term deposit account, offering progressive rates of return on customer deposits.

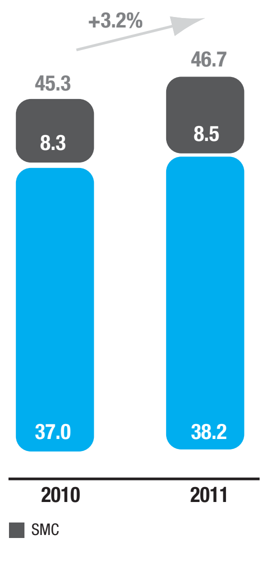
Customer satisfaction survey confirmed

A competition survey[(1)] of customer satisfaction carried out in March/April 2011 on a representative panel of customers across all main markets placed Crédit du Nord Group first out of the main French banks in the individual customers market in most of the categories listed in the survey: overall customer satisfaction, image, branches, products and services. Crédit du Nord topped the survey on the business customers market in terms of overall satisfaction, image, branches and advisors. Crédit du Nord also ranked among the leading institutions on the professional customers market. The results of the survey reflect the excellent quality of our customer relations, which are the foundation of our growth model.

Business customer base

(at December 31)

Number of companies (in thousands), 2011 change, incl. SMC



(1) *Source: CSA survey institute, March-April 2011, competition survey (by telephone)*

Rise in on-balance sheet savings, drawing on the growth of the customer base and mutual fund outflows

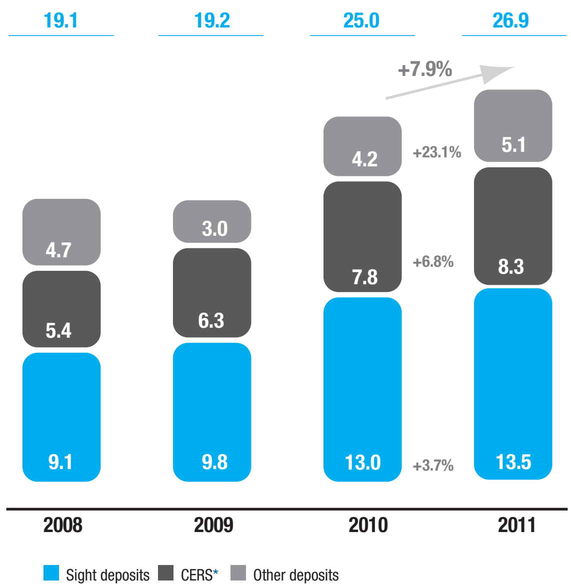
On-balance sheet savings increased significantly by 7.9% year-on-year in 2011.

Sight deposits posted a solid 2.8% improvement on the individual customers market and a 5.5% gain on the professional and business customers markets. This can be attributed to the reallocation of money market mutual funds, which remained unattractive due to relatively low short rates. Also, the crisis drove consumers to build up the cash levels in their sight accounts and liquid savings accounts.

On-balance sheet savings deposits

(at December 31)

(in EUR billion) - Change incl. SMC



* *CERS: Comptes d'Epargne à Régime Spécial - special savings accounts (passbook savings accounts, sustainable development passbook savings accounts, etc.) or similar accounts (home savings accounts).*

Household savings deposits, driven by Livret A savings passbook accounts, also climbed substantially, i.e. +36.4% to EUR 1.6 billion at December 31, 2011. Home savings deposits were up 1.8%.

The extension of the passbook savings account offer to institutional customers in 2010 and the marketing of the term deposit account with progressive rates of return to business customers resulted in an on balance sheet savings volume of nearly EUR 1.8 billion over the year, stemming predominantly from money market mutual funds.

In life insurance, gross inflows rose by 8.7% in 2011 (excluding SMC), despite the particularly high comparison base of 2010. Net life insurance inflows were largely positive over the year. The percentage of unit-linked life insurance policies compared to EUR denominated policies was once again limited in light of the market downturn. Life insurance assets under management picked up by 4.0% year-on-year to EUR 14.7 billion.

On the downside, MLT mutual fund assets under management fell 23.7% in 2011, posting negative net inflows. MLT mutual fund AuM amounted to EUR 2.2 billion.

ST mutual fund assets under management declined by 23.2% year-on-year, in money market funds reserved for individual customers, business customers or institutional customers. Returns on money market SICAVs were severely impacted by low short rates, leading customers to shift their assets to bank savings products.

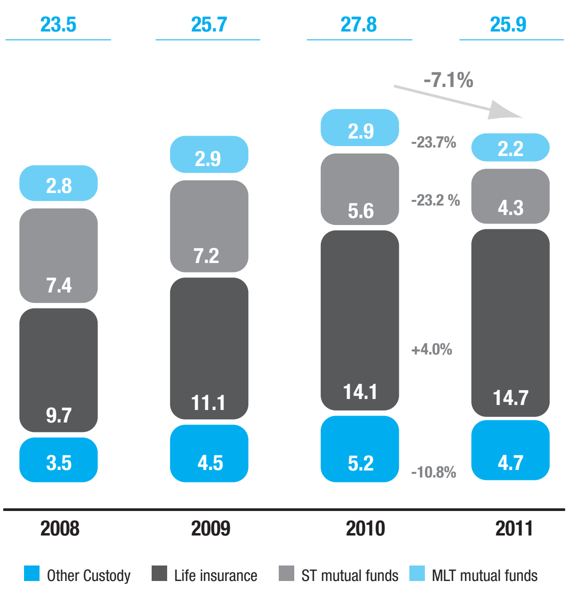
Lastly, direct shareholdings fell by 10.8% in value terms at December 31, 2011.

The measures implemented to promote on-balance sheet savings, coupled with the strong performance of life insurance products, helped offset mutual fund redemptions. On the whole, managed savings deposits (on- and off-balance sheet) were stable year-on-year.

Off-balance sheet savings deposits

(at December 31)

(in EUR billion) - Change incl. SMC



New loans to individuals still buoyant on the back of low interest rates

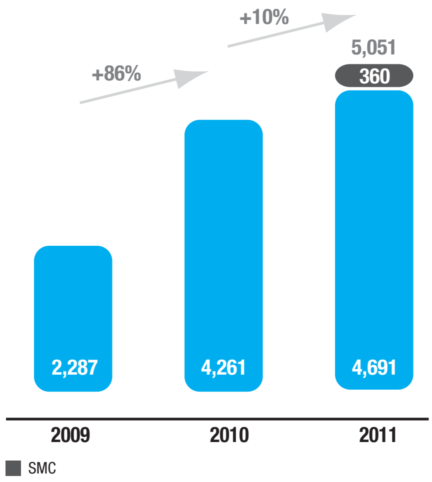
New housing loans were brisk in 2011 on the back of low interest rates, though momentum dropped off at the end of the year. Total disbursements hit a record high of EUR 5.0 billion in 2011, boosting outstanding loans by 15.4% to EUR 16.8 billion.

Crédit du Nord maintained a cautious and selective risk policy, setting limits for personal contributions and reasonable debt ratios, and only offering fixed- or variable-rate loans limited to terms of less than 25 years.

New housing loans

(at December 31)

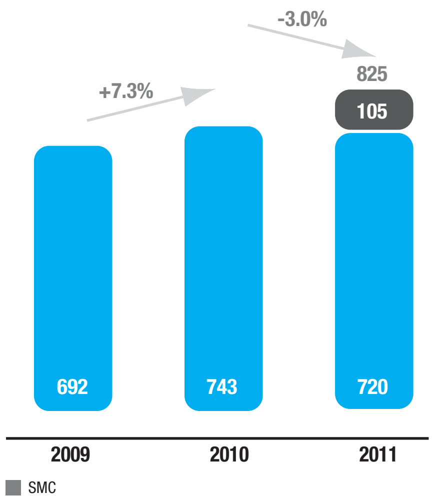
(in EUR million) - Change excl. SMC



New personal loans

(at December 31)

(in EUR million) - Change excl. SMC

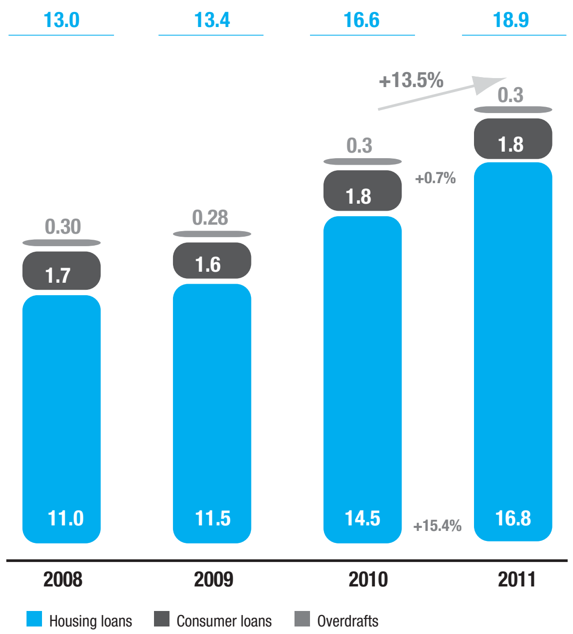


New personal loans were largely in line with 2011, with outstandings stabilising at +1.0%.

New loans to individuals customers

(at December 31)

(in EUR billion) - Change incl. SMC



Use of revolving credit lines was sluggish in 2011, with outstandings dipping by 1.7% year-on-year. This trend can be attributed to decreased use of existing credit lines and a slowdown in sales of new credit lines, primarily due to the implementation of the new Consumer Credit Directive.

Strong commitment to SMEs

Crédit du Nord confirmed its commitment to SMEs, as demonstrated by the 12.5% rise in equipment loans over the year to support their development.

New equipment loans

(at December 31)

(in EUR millions) - Change excl. SMC

Leasing activity

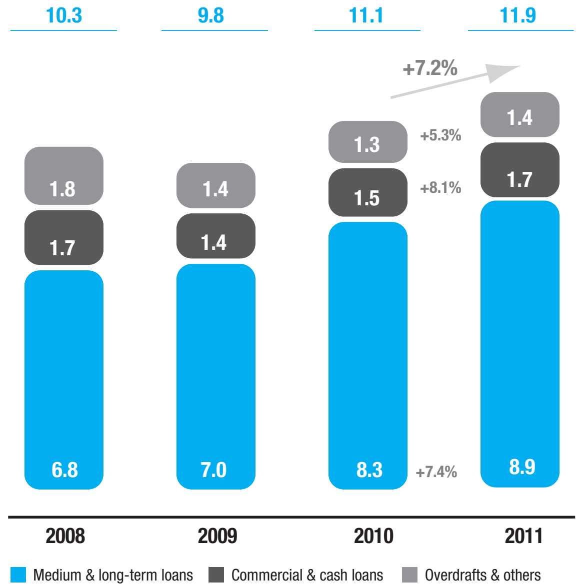
(at December 31)

(in EUR millions) - Change excl. SMC

OUtstanding business loans

(at December 31)

(in EUR billion) - Change incl. SMC



New equipment leasing activity also gained momentum, increasing by 15.2% year-on-year, in line with the strategic objective of expanding business financing through leasing. Outstanding equipment leases were up 7.0% at December 31, 2011.

After spending 2009 and 2010 cleaning up their balance sheets, companies were ready to use their short-term credit facilities again in 2011. Short term loans to businesses climbed by 6.8% year-on-year.

Overall, given the strong growth in loan and deposit volumes, the loan-to-deposit ratio remained at a reasonable 121.8%.

Financial developments

The figures presented below are taken from the Group's fully consolidated financial statements.

It should be noted that the Group consolidated scope recorded the acquisition of Société Marseillaise de Crédit as from September 30, 2010 (date of first consolidation). The details on changes in the consolidation scope are presented in Note 2 to the consolidated financial statements.

In order to provide a better understanding of the Group's financial performance, the following comments relate to changes on a constant scope basis. Accordingly, SMC's contribution in the fourth quarter of 2010 and full-year 2011 has been restated.

Adjustments were also made for the effects of the application of IFRS standards on future commitments related to home savings products and the measurement of financial iiabilities at fair value.

(in EUR millions) *(including change in the PEL/CEL provision)*	31/12/2011	31/12/2010	% Change 2011/2010
Net interest and similar	1,120.1	916.9	+22.2
Net fee income	816.0	740.9	+10.1
NBI	**1,936.1**	**1,657.8**	**+16.8**

Crédit du Nord Group book NBI rose +16.8%. Restated for the impacts of the changes in the consolidation scope, PEL/CEL provisions and the fair value measurement of financial liabilities, NBI climbed by 5.0%.

This improvement was underpinned by strong momentum in sales margins and the resilience of fee income, despite persistently challenging market conditions and heavy competitive constraints.

The sales margin improved by 7.5% (excluding SMC), i.e. by EUR 58.9 million, drawing on solid momentum in deposits and lending.

The margin on deposits increased by 11.7% (excluding SMC), i.e. by EUR 54.9 million, driven by the sharp rise in managed savings and despite two interest rate hikes on the Livret A passbook savings account.

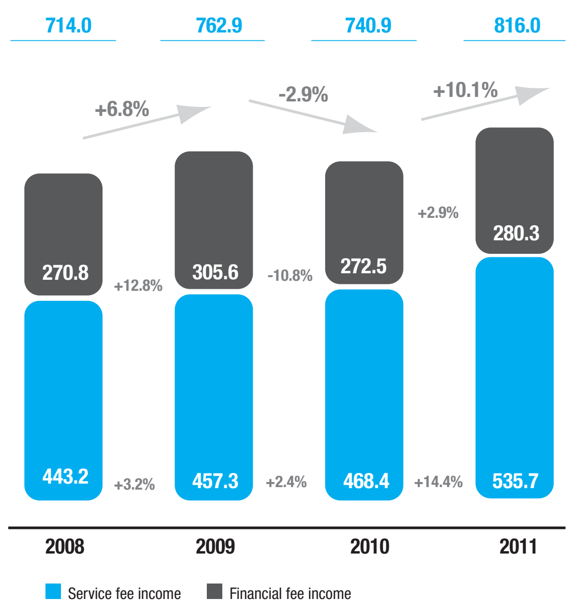
The margin on loans gained 1.3% (excluding SMC), i.e. EUR 4.0 million, on the back of a positive volume effect driven by robust origination of housing loans. At the same time, margins and outstandings in revolving credit lines decreased lightly. On the business customers market, the margin on loans was buoyed by the development of investment loans and the resurgence of short-term loans, which nevertheless saw margins on the decline.

Restated for the items referred to in the introduction, net interest and miscellaneous income were up +8.1%.

Net fee income

(at December 31)

Group consolidated data (in EUR millions)



Restated consolidated net fee income rose by 1.2%. Service fee income picked up 4.0% compared to 2010, on the boosted by robust sales activity across all customer markets.

Financial fee income dropped by 3.4%. Fees on life insurance products climbed 4.2%, buoyed by investment and arbitrage volumes. Lastly, management fees on mutual funds fell sharply by 9.7% under the adverse impact of the financial market downturn.

Operating expenses

(in EUR millions)	31/12/2011	31/12/2010	% change 2011/2010
Personnel expenses	-727.8	-663.0	+9.8
Taxes	-35.4	-23.2	+52.6
Other expenses	-380.4	-323.3	+17.7
Depreciation and amortisation	-88.0	-81.2	+8.4
TOTAL OPERATING EXPENSES	**-1,231.6**	**-1,090.7**	**+12.9**

General operating expenses rose +12.9%. Restated for SMC's contribution in 2011, they amounted to EUR 1,084.5 million, up 3.7% on 2010.

Restated for SMC's contribution in 2011, personnel expenses picked up only slightly (+1.1%) while other expenses climbed 8.2% compared to 2010.

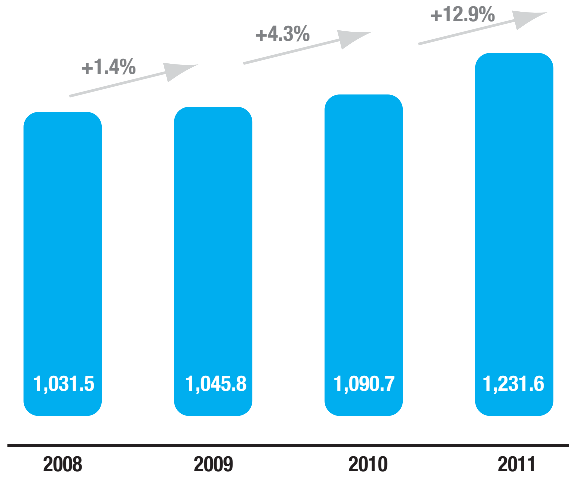
Staff in activity declined by 3.3% due to the transfer of staff from Crédit du Nord's Information Systems Division to the Joint Information Systems Division (SIOP) created in May 2011 with Societe Generale. This transfer involved 270 people.

	31/12/2011	31/12/2010	% change 2011/2010
Staff in activity - Group (pro rata)	8,535	8,831	- 3.3
Staff in activity - Group (pro rata, excluding SMC)	7,359	7,631	- 3.6

Operating expenses

(at December 31)

Group consolidated data (in EUR millions)



Taxes increased by 52.6%.

In 2010, the Group enjoyed exceptional VAT tax credits and also recorded an expense in respect of the fines associated with Crédit du Nord bonds, which were paid in its capacity as the paying agent. Restated for these impacts and for SMC, taxes declined by 5.2% year-on-year.

Gross operating income

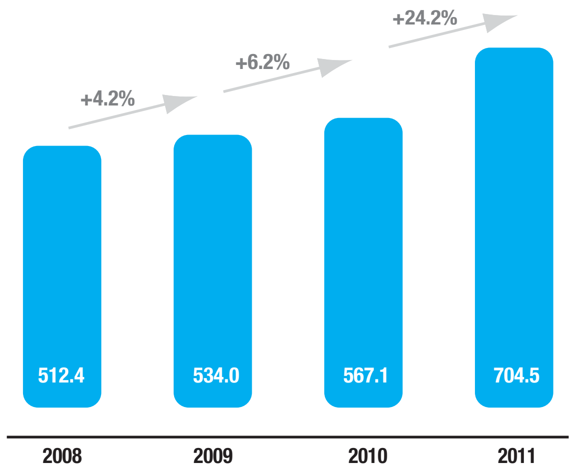
(in EUR millions)	31/12/2011	31/12/2010	% change 2011/2010
NBI	1,936.1	1,657.8	+16.8
Operating expenses	-1,231.6	-1,090.7	+12.9
GOI	**704.5**	**567.1**	**+24.2**

GOI was up 24.2% in 2011. Excluding SMC, and restated for the items presented in the introduction, GOI stood at EUR 607.2 million, up 7.5% over 2010.

Gross operating income (GOI)

(at December 31)

Group consolidated data (in EUR millions)

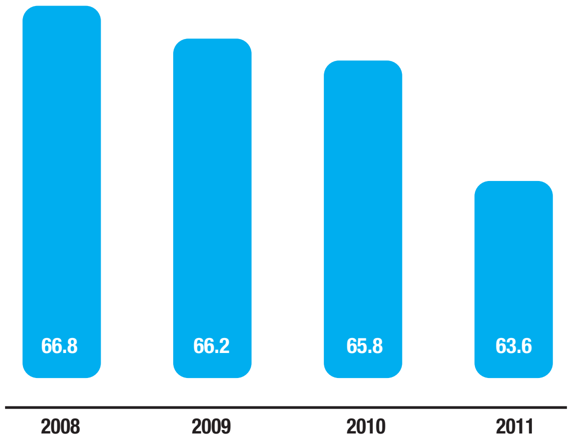


The cost-to-income ratio stood at 63.6% in 2011, versus 65.8% in 2010 (-2.2%). Excluding SMC, and restated for the items presented in the introduction, the ratio operating expenses divided by NBI, improved by 0.8 points to 64.1%, thus confirming the Group's solid operating performance in 2011.

Cost-to-income ratio

(at December 31)

Group consolidated data (in %)



Cost of risk

(in EUR millions)	31/12/2011	31/12/2010	% change 2011/2010
Cost of risk	-198.0	-176.0	12.5
Gross outstanding loans	35,330.9	31,790.2	11.1
Cost of risk / outstanding loans	0.56%	0.55%	0.01 pt

Crédit du Nord Group's consolidated cost of risk[(1)] increased by 12.5% to EUR 198 million in 2011. Excluding SMC, it stood at EUR 183.4 million, versus EUR 173.3 million in 2010 and EUR 207.8 million in 2009. Divided by the total loans issued by the Group, cost of risk was stable in 2011 (0.56%) despite the recognition of EUR 30.1 million in provisions not related to the Group's lending activity[(2)], including EUR 26.6 million for indirect risks linked to Greek debt.

The relative improvement in the economic environment in 2011 continued to impact our customers, and particularly SMEs, through to September. The last quarter was less positive.

Crédit du Nord Group's loan business predominantly targets French customers, for whom the economic environment improved unevenly in 2010 and 2011, after deteriorating substantially in 2009. This improvement was moderate and decidedly fragile, but nevertheless affected two of the three major customer bases for the Group, namely SMEs and VSEs, for which analytical cost of risk was on the decline. Cost of risk linked to individual customers remained low.

Against this backdrop, the rate of non-performing and disputed loans as a percentage of total loans was 5.8% (down compared to 2010).

The Group maintained its usual provisioning policy, with the coverage ratio of non-performing loans remaining stable overall. It also furthered its collective provisioning efforts on portfolios of performing loans.

(1) Cost of risk represents the net provisioning charge on banking activities (allocations to provisions less write backs), plus non-provisioned losses on irrecoverable loans, less amounts recovered on amortised loans.
(2) In 2010, allocations to provisions totalled EUR 7.2 million.

(in EUR millions)	31/12/2011	31/12/2010	% Change 2011/2010
Doubtful and disputed loans (gross)	2,038.7	1,942.1	+5.0
Write-downs of individually impaired loans	-1,037.3	-1,010.4	+2.7
Gross doubtful and disputed loans gross outstanding loans	5.8%	6.1%	-0.34 pt
Net doubtful and disputed loans net outstanding loans	2.9%	3.0%	-0.11 pt
Rate of provisioning of doubtful and disputed loans (including lease finance)*	65.3%	65.1%	0.20 pt

* Net of guarantees received for doubtful outstandings and excl. SMC.

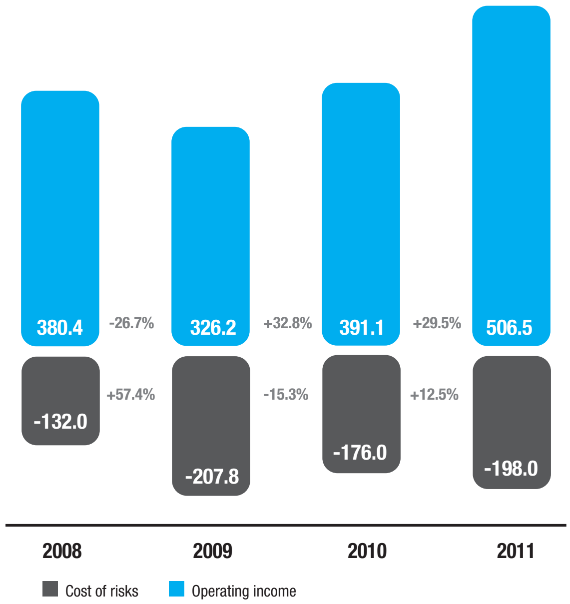
Operating income

Taking cost of risk into account, Crédit du Nord Group generated operating income, restated for changes in the consolidation scope, of EUR 423.8 million in 2011, an increase of 8.3% on 2010. Excluding the above-mentioned adjustments, operating income grew by 29.5%.

Operating income

(at December 31)

Group consolidated data (in EUR millions)



Net income

(in EUR millions)	31/12/2011	31/12/2010	% Change 2011/2010
OPERATING INCOME BEFORE CORPORATION TAX	**508.2**	**393.4**	**+29.2**
Corporation tax	- 185.8	- 122.6	+51.5
Non-controlling interests	-7.6	10.0	-2.7
CONSOLIDATED NET INCOME AFTER TAXES	**314.8**	**263.4**	**+19.5**

Net income (Group share) amounted to EUR 314.8 million, up 19.5% on 2010. However, restated for scope effects and the items presented in the introduction, net income (Group share) was up 0.2% to EUR 261.3 million.

Outlook

Crédit du Nord Group posted dynamic income growth despite the highly turbulent and uncertain economic environment in 2011. Restated for the changes in consolidation scope, PEL/CEL provisions and the fair value measurement of financial liabilities, the Group's NBI rose by 5.0% over the year. Thanks to successful cost control efforts, the Group's GOI improved by 7.5%. The cost-to-income ratio, including SMC, came out at 63.6%.

Crédit du Nord Group continues to focus on business development, thus expanding all of its customer bases.

This performance validates the high quality of its growth model, founded on close customer relations and a balanced business portfolio distributed across the individual, professional and business segments.

In 2012, income growth may be stifled by new regulatory constraints. At the same time, individual customers are expected to continue building their liquid savings deposits in light of the uncertain economic environment. On the business customers market, demand for loans may dip due to the wait and-see attitude associated with the political and economic client, while cost of risk may well go back up if growth projections are confirmed.

Against this backdrop, Crédit du Nord is determined to continue financing economic players and individuals alike.

To this end, the bank will draw even further on its growth drivers. The 156 branches opened from 2004 to 2011 are now making significant contributions to the Group's commercial and financial performances. Moreover, they still hold tremendous potential for increasing the number of banking products and services distributed to customers.

Société Marseillaise de Crédit will continue to play its part in implementing this growth strategy. Drawing on strong regional roots and a well-known brand, the acquisition of Société Marseillaise de Crédit has positioned Crédit du Nord as a key player with nearly a 4% market share in the south of France, a region that holds great potential in terms of business and demographics. Crédit du Nord will rely on this powerful brand to ramp up its development in the south of France.

At the same time, Crédit du Nord is committed to the «Convergence» programme launched with Societe Generale in 2010, the goal of which is to build a shared information system using the assets of both networks. phase 1 of the project in 2011 saw the creation of a joint Information Systems Division (SIOP). The project is expected to further improve the Group's operating efficiency and the product range offered to customers, while in the medium term stepping up the reduction of the Group's cost-to-income ratio.

Chairman's report on the preparation and organisation of the Board's activities and on internal control and risk management

This report pertains to 2011 and has been prepared in accordance with Article L.225-37 of the French Commercial Code.

Preparation and organisation of the board's activities

The Board of Directors meets at least once per quarter.

A list of the directors is provided in the registration document.

The Board of Directors comprises 13 members, including four independent directors selected for their expertise and commitment to the company.

Crédit du Nord will comply with the law of January 27, 2011 governing the principle of balanced representation of women and men on the Board.

The agenda of all Board meetings is set by the Chairman after consultation with the Chief Executive Officer.

For the purposes of setting the agenda, the following are reviewed:

- items that must be examined by the Board pursuant to the law;
- business allowing the Board to ascertain that the company is being efficiently run and that its strategic choices are being implemented (sales strategy, organisation, investments, etc.).

The directors are convened at least 15 days before the meeting. Their notification includes:

- the agenda of the meeting;
- the draft minutes of the preceding Board meeting;
- an information pack pertaining to the key items on the agenda.

When the Board meets to approve the annual financial statements, the following information must also be provided:

- to each Director: a list of all other company offices held by the Director, it being the responsibility of each Director to verify and amend the list as necessary;
- to the Chairman and Statutory Auditors, by virtue of current regulations: a list of all significant agreements entered into between Crédit du Nord and its senior managers and/or those companies with which Crédit du Nord shares senior managers or shareholders.

In addition to the Directors, the following individuals also participate in Board meetings:

- the Chief Executive Officer and, depending on the matters being discussed, the members of the Executive Committee and other company managers;
- the Statutory Auditors;
- the Secretary of the Board;
- the Secretary of the Central Works Council.

Board meetings last approximately three hours.

The agenda items are presented by the Chairman, the Chief Executive Officer or the person responsible for the items in question (Chief Financial Officer, Head of Risk, etc.). A deliberation process ensues during which views and opinions are expressed. At the end of deliberations, the Board is asked to vote, where necessary.

The draft minutes of the meeting are prepared by the Secretary of the Board, who submits the same to the Chairman, the Chief Executive Officer and all other individuals having brought business before the Board. The draft minutes are then submitted for the approval of the Board at the start of the following meeting.

The company has a Special Compensation Committee consisting of two directors.

The Chief Executive Officer's remuneration is set by the Board. This compensation is comprised of a fixed component and a variable (performance-based) component based on the criteria proposed by the Compensation Committee. Detailed information is provided in the section entitled «Information on Corporate Officers» in the Annual Report.

In 2011, the Board decided to create an Audit Committee comprising three directors. This Committee will be responsible for examining matters related to risk, compliance and internal control. It will meet for the first time in May 2012 and will report to the Board on its work twice a year.

A Board regulation specifies the conditions under which directors can participate in meetings through videoconferencing or other telecommunication methods. This regulation can be consulted on the bank's website under «Vie de l'Entreprise».

Information on holding several corporate offices and on the independence of directors is provided in the registration document.

General Meetings of Shareholders are convened in accordance with all currently applicable laws and regulations. All shareholders receive a meeting notice.

Limits of the powers of the Chief Executive Officer

The duties of Chairman of the Board and Chief Executive Officer were split on January 1, 2010.

The term of office of the Chief Executive Officer is determined by the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act under all circumstances on behalf of the company. The Chief Executive Officer exercises his powers within the limits set out in the corporate purpose and excluding those powers expressly attributed by law to the Shareholders' Meetings and the Board of Directors.

INTERNAL CONTROL AND RISK MANAGEMENT

This report discusses the internal control procedures that apply to all entities within the Crédit du Nord Group. The various units involved in internal control played a role in preparing the report.

The activities of Crédit du Nord Group are operated within a secure framework guaranteed by banking regulations and the control system put in place by its majority shareholder (I).

As a network bank with strong regional roots and a customer base essentially comprised of individuals and SMEs, Crédit du Nord and its subsidiaries are exposed to risks, the most significant of which is counterparty risk (II).

Due to its chosen business mix, Crédit du Nord Group has limited exposure to risks related to international and real estate activities.

Internal Control at Crédit du Nord Group is based on a system that draws a distinction between Permanent Control and Periodic Control (III).

As regards accounting and financial management, a pooled information system is shared by virtually all the companies in the Group, and in particular the banking subsidiaries. This system provides the means to enforce Crédit du Nord's rules and procedures while allowing the bank to centralise all the data needed to monitor the results and activities of Group companies in real time (IV).

I. A secure framework

1- Regulatory reporting

The annual report on internal control and on risk measurement and oversight, prepared in accordance with Articles 42 and 43 of CRBF Regulation No. 97-02, as amended, is transmitted to the decision-making body and addressed to the Statutory Auditors and the main shareholder.

The French Prudential Supervisory Authority receives the individual annual reports from each Crédit du Nord subsidiary and the consolidated annual report for the Crédit du Nord Group.

Each year, the Group's RSCIs (Heads of Investment Service Compliance) submit a general report on compliance with investment service provider requirements and a special report addressing a specific topic to the AMF (French securities regulator). These reports are also submitted to each entity's decision-making body.

2- Controls performed by the shareholder

As a member of the Société Générale Group since 1997, Crédit du Nord also benefits from the control system established by its majority shareholder.

This system focuses primarily on risk exposure, the accuracy of financial and management accounting data and the quality of information systems.

Systematic controls are performed by the majority shareholder as part of a programme of regular inspections of Group entities aimed at ensuring that procedures are being applied.

As the majority shareholder is itself a banking establishment, continuous comparisons between the two networks facilitate the control of risk.

II. Main banking risks

1- Counterparty risk

The credit policy of Crédit du Nord Group is based on a set of rules and procedures governing lending, the delegation of responsibilities, risk monitoring, the rating and classification of risks, and the identification of impaired risk.

Identifying counterparty risk impairment is the responsibility of all individuals in charge of managing, monitoring and controlling risks, i.e. the sales function, risk monitoring function, risk management department and periodic control department.

Risk Management is organised on two levels:

- **The Central Risk Division (DCR)**, which reports directly to Crédit du Nord's Chief Executive Officer and reports functionally to Société Générale's Risk Division, assists with the definition of lending policies, oversees the implementation of these policies and participates in the credit approval process. Responsible for identifying and classifying risks, DCR participates in the risk control process, the determination of the appropriate level of provisioning for non-performing loans and the collection of doubtful loans.
- **The Regional and Subsidiary Risk Departments**, which report directly to the Regional Manager or the Subsidiary Chairman and functionally to Crédit du Nord's Central Risk Division, are responsible for implementing the Group's credit policy and managing risks within their scope.

  Specifically, they play a role in the credit approval process, the monitoring and classification of risks and the collection of doubtful and disputed loans.

Specialised committees and systems

In order to monitor and manage risk, the following have been instituted at the Group and the regional/subsidiary level:

- a Risk Committee, chaired by the Chief Executive Officer, which meets once a month. A member of the majority shareholder's Risk Division also sits on this committee;
- a Regional Risk Strategy Committee that meets once a year in each region and at each subsidiary. This committee is chaired by the Chief Executive Officer of Crédit du Nord;
- a review of impaired risks is conducted every six months by the Central Risk Division's Control and Provisioning Committee.

In the Group's main customer markets, risk monitoring and control structures have been strengthened using risk modelling systems developed to determine the Basel II capital adequacy ratio.

These structures regularly contribute to the definition and implementation of risk policy, the review of significant risks, the monitoring of impaired risks, recognition of provisions for such risks and overall risk analysis.

Crédit du Nord also prepares a quarterly report on major regulatory risks for its majority shareholder, which is then consolidated and submitted to the French Prudential Supervisory Authority. Every quarter, it reports the main risk events to the Société Générale Risk Division using a pre-defined format.

2- Interest rate, exchange rate and liquidity risks (excluding market activities)

With regard to overall risk management, Crédit du Nord Group draws a distinction between structural balance sheet risks (Asset and Liability Management or ALM) and risks related to trading activities.

2-1 Asset and liability management (ALM)

Reporting directly to the Finance Division of Crédit du Nord (DGF), the ALM unit comes under the authority of Crédit du Nord's Chief Financial Officer.

The ALM unit is responsible for monitoring and analysing Crédit du Nord Group's exposure to mismatched interest rate and liquidity positions.

An ALM Committee, chaired by the Chief Executive Officer, meets once a month to make decisions on managing mismatched interest rate and liquidity positions arising out of the Group's business activities. A member of the majority shareholder's Finance Division also sits on this committee.

Liquidity risk

The ALM unit monitors the outstandings and regulatory ratios of Crédit du Nord and its subsidiaries. Short term liquidity management is delegated to each subsidiary as part of its cash management activities and is subject to certain limits requiring the subsidiary to remain sufficiently liquid.

Changes in the structure of the balance sheet are managed by the ALM unit and monitored by the ALM Committee, which in turn determines the refinancing requirements of the Group's entities. A quarterly report on liquidity risk is submitted to the majority shareholder.

Interest rate risk

All assets and liabilities of Group banks, excluding those related to trading activities, are subject to an identical set of rules governing interest rate risk management.

The ALM Committee delegates the management of short-term interest rate risk to the Weekly Cash Flow Committee. This risk is managed using the following two indicators:

- the daily short-term interest rate position, which is subject to limits;
- tolerance for short rate risk exposure arising out of all balance sheet transactions, also subject to limits.

The Weekly Cash Flow Committee makes sure these limits are observed.

The blanket interest rate risk of Crédit du Nord Group is subject to risk exposure tolerance limits in euros and in foreign currencies. Observation of these limits is verified within the framework of a report submitted to the majority shareholder.

Crédit du Nord Group enforces a consistent hedging policy against ALM risks by instituting the appropriate hedges to reduce the exposure of Group entities to interest rate fluctuations.

The hedging activities of the ALM unit cover all Crédit du Nord Group entities.

Each Group entity is monitored individually and hedged on an ad hoc basis.

The Group uses an ALM application called Almonde. This application is used to generate the Weekly Cash Flow Committee's reports, the ALM Committee indicators and the quarterly report to the majority shareholder. Hedge effectiveness assessments required under IFRS are carried out using market valuations calculated by Evolan (an application used by the Trading Room), which provides an accurate representation of all positions, given that all asset-liability mismatches are identified and calculated as a monthly average.

2-2 Trading activity

Barring exceptions, transactions involving derivatives linked to customer transactions are hedged by Crédit du Nord's majority shareholder, given that Crédit du Nord maintains only limited proprietary positions in such products.

Controls of limits assigned to these trading activities by the General Management are monitored by the Treasury and Foreign Exchange Department in accordance with the standards adopted by the majority shareholder.

The results of these activities are checked by the appropriate control teams (see «Market risks» below).

3- Market risks linked to client-driven transactions

Crédit du Nord consistently collateralises customer orders, mainly through its majority shareholder, thus significantly reducing its exposure to market and counterparty risks.

A specialised unit of the Treasury and Foreign Exchange Department monitors market and counterparty risks.

These risks are calculated on a daily basis and compared with the limits. Any breaches are examined by the heads of the Treasury and Foreign Exchange Department.

A breach control report is submitted to the majority shareholder once every two weeks. The Chief Financial Officer receives a weekly status report on results and limits and a monthly report on changes in limits from the Treasury and Foreign Exchange Department. The Chief Executive Officer also receives a quarterly report on changes in limits from the Treasury and Foreign Exchange Department.

In addition, a weekly breach report is submitted to the Head of the Central Risk Division.

4- Operational risks

The businesses of the various Group entities are exposed to a series of risks (administrative, accounting, legal, IT, etc.) combined under the heading «Operational risks».

Operational risks are classified in accordance with the recommendations of the Basel Committee and in consultation with the majority shareholder. Above a threshold of EUR 10,000 set by Crédit du Nord Group, losses are systematically logged.

The main projects are monitored at Steering Committee meetings, and in the case of the most important projects, the CEO participates in these meetings.

Within the Central Risk Division, the Operational Risk Management Department steers and coordinates the procedures rolled out group-wide pertaining to Operational Risks, Business Continuity Plans, Crisis Management and central management of IT authorisations.

The division uses a network of Operational Risk Officers working at the head office as well as the various regional entities and subsidiaries.

An **Operational Risk Committee**, comprising members of the General Management, the Corporate Secretary, the Central Risk Manager, the Head of Information Systems, Projects and Banking Operations and the Head of Operational Risk, met three times in 2011.

This committee takes stock of any operating losses, any major deficiencies and the mapping of operational risks; it also reviews Business Continuity Plans and Crisis Management procedures.

The Head of Operational Risks is a member of the Compliance Committee and the Internal Control Coordination Committee (CCCI) of Credit du Nord.

An **Operational Risk Review Meeting**, attended by the Head of Information System Security, the Head of Operational Risks, the Head of Compliance, and the Investment Services Compliance Officers, is held prior to delivery of each new IT application or new version of an existing application in order to ascertain risk in terms of availability, integrity, confidentiality, testability, control (audit trail) and compliance.

An **IT Security Committee**, chaired by the Head of IT System Security, deals with all aspects of IT system security. With the transfer of the IT security function to a new entity alongside Société Générale's Retail Banking France activity, Crédit du Nord's IT Security function is now overseen by the head of this entity's IT Security.

A **Crisis Plan** makes it possible to assemble a crisis unit at any time at one or more designated locations. This unit combines a core of essential functions, which are automatically mobilised irrespective of the type of crisis, under the supervision of a crisis manager who oversees progression of the crisis and reports to General Management. This unit can request the presence of any executives, managers and experts directly concerned by the event.

The strategic Head Office entities, i.e. those entities for which it is crucial to ensure operational continuity, have prepared a Business Continuity Plan that supplements the procedures designed to ensure uninterrupted services across the network.

5- Non-compliance risk

In accordance with the rules applicable to credit institutions, special procedures were developed to address non-compliance risk, defined by the consequences (penalties, financial losses, reputational damage) likely to result from failure to comply with regulations governing banking and financial activities.

Crédit du Nord and each corporate entity of the Group governed by banking and financial regulations has a Head of Compliance, whose name is transmitted to the French Prudential Supervisory Authority.

Crédit du Nord's Head of Compliance reports to the executive body whenever necessary and serves as liaison to the Compliance Committee of the Société Générale Group, on which he sits.

Backed by a Crédit du Nord Group Compliance Committee which met three times in 2011, Crédit du Nord's Head of Compliance is assigned the following duties:

- ensuring the effectiveness and consistency of the organisation and procedures relating to compliance;
- identifying new risks related to non-compliance and ensuring that the necessary measures at taken to control them;
- monitoring the deficiencies identified via the incident reporting system and assessing the effectiveness of corrective measures.

Crédit du Nord Group's Management Committee, on which the heads of the main subsidiaries sit, periodically reviews compliance issues.

Before being launched, all new products and key product transformations are subject to an examination by the Products Committee, in which the Head of Compliance and the Central Risk Manager participate. The Committee's purpose is to check that all risks are correctly identified and addressed. The Committeee's work is gives rise to a written opinion provided by the Head of Compliance.

Management and internal control teams are responsible for monitoring compliance.

Compliance Officers ensure that all employees receive the necessary directives on complying with regulations. They also see to it that appropriate compliance training programmes are in place.

Finally, internal guidelines set forth the rules applicable to outsourced banking and financial services.

III. Organisation of internal control

Reporting functionally to Société Générale's Periodic Control Department (DCPE), Crédit du Nord's Head of Periodic Control reports directly to the Chief Executive Officer, who guarantees the independence of this office.

As a member of the Executive Committee, the Corporate Secretary supervises the Permanent Control, Compliance, Investment Services Compliance (RCSI), Ethics, Anti-Money Laundering, and Legal Affairs and Disputes divisions.

An Internal Control Coordination Committee (CCCI), chaired by the Chief Executive Officer, meets twice a year; it is comprised of the members of the Executive Committee and the heads of Periodic Control, Permanent Control, Compliance, Operational Risks, Information System Security, Ethics, Investment Services Compliance and Anti-Money Laundering.

Finally, the instructions stemming from incident alerts comply with the regulation stating that the Board of Directors and the French Prudential Supervisory Authority must be informed of key incidents

1- Periodic Control System

Crédit du Nord Group's Periodic Control system covers all Crédit du Nord Group activities.

Periodic Control staff members are mainly recent university graduates who are trained by senior inspectors with experience in risk control, administration and accounting, all of whom are supervised by a member of the General Management. An audit leader specialising in IT provides support where needed or conducts targeted inspections of IT and payment systems. This unit has been expanded to improve coverage of the auditable scope and to factor in the consolidation of Société Marseillaise de Crédit.

This unit is an integral part of the internal control structure of the Group's majority shareholder. The majority shareholder's audit teams regularly conduct periodic controls of Crédit du Nord Group.

The Head of Periodic Control gives an account of his activities to Crédit du Nord's General Management, mainly during meetings of the Periodic Control Committee, the annual Audit Committee, at which Société Générale's Group Head of Internal Audit is present, and the Internal Control Coordination Committees.

The various entities of the Operations network are audited at least once every five years, depending on the priorities established by the General Management and any audits performed by the majority shareholder.

Periodic Control assignments are conducted on the basis of a written methodology and a procedure involving the pre-selection of cases to be audited on site. They generally comprise a pre-audit phase, an on-site audit phase and a reporting phase.

The Periodic Control Department analyses administrative and accounting functions within the audited entities, as well as the different types of risk, notably counterparty risk, to which these entities are exposed. These audits take account of Basel II regulations on counterparty and operational risks. In addition, Periodic Control assesses the quality of Level One and Level Two controls.

It also conducts audits of Head Office divisions or investigates specific areas as determined by General Management.

Audits of specialised entities often involve a preliminary learning and familiarity phase, which may prompt General Management to rely on the special audits performed by the majority shareholder.

The reports prepared when the audits are completed are directly submitted to the Chief Executive Officer by the Head of Periodic Control.

Monitoring of the implementation of any recommendations made in the reports is carried out by the Head of Permanent Control, who reports to the Head of Periodic Control.

2- Permanent Control

The head of each entity must perform a **Level One control** of transactions carried out within his scope. Branch and Business Centre managers must adhere to a predefined plan (detailing frequency and risks to be controlled) and must record and report on certain controls performed. Specialised supervisory staff also assist the branches with the day-to-day monitoring of accounts.

A **Level Two control** is conducted by dedicated personnel, who report directly to the local head of control (Region, Subsidiary or Operating Division), who in turn reports directly to the Regional or subsidiary director and functionally to Crédit du Nord's Head of Permanent Control.

On an exceptional basis, the heads of control covering investment services compliance (DAF, DTC, DPGA, brokerage firm Gilbert Dupont) report hierarchically to RCSI.

The scheduling and details of these controls are determined for each of these entities.

The Head of Permanent Control reports on his activities to the General Management of Crédit du Nord.

2-1 Regional and subsidiary Level One and Two administrative and accounting controls

The Line Management Control Manual sets out both the requirement for vigilance (day-to-day security: reception, opening of mail, filing, etc.) and a limited number of controls to be formalised by the hierarchy (recognition of value at branches, sensitive procedures such as anti-money laundering, compliance with the MIF directive, etc.). The performance of these controls may be delegated, provided that each delegation of power is subject to supervisory control.

Level Two controls are performed by dedicated personnel using control forms prepared together with the Head of Permanent Control and a predefined plan which specifies the frequency of controls based on the degree of risk that the process or transaction represents.

Whenever an on-site control of a procedure is performed, the procedure is rated for its degree of compliance with applicable rules using a software tool. This allows Chairman's Report on Internal Control and Risk Management the Head of Permanent Control to map procedural compliance at both the local and national level.

Following each such assignment, the Periodic Control department writes up an assessment of Permanent Control of the region or subsidiary to which the audited entities report.

2-2 Level One and Two risk controls of regions and banking subsidiaries

Level One control at a regional and subsidiary level is carried out by sales management and by the Risk Department of the region or subsidiary.

The Line Management Control Manual assigns responsibility to the **Branch or Business Centre Manager** for ensuring that delegated tasks are carried out and that the lending decisions taken by subordinate staff (customer advisers, etc.) who report to them are suitable; furthermore they are responsible for any credit limit breaches by the entity they supervise. These controls, performed on a monthly basis, are documented and may not be delegated.

As a line manager, the **Group Director** receives a copy of the on-site auditing reports on Level Two controls. He assists the branches in preparing a response to these reports and supervises the implementation of the Controllers' recommendations.

Regional or subsidiary Risk Divisions are responsible for supervising limit breaches and the appropriate classification of risks. They notably ensure the appropriateness of the counterparty classification. They may decide to classify loans as «performing loans under watch» or to downgrade them to «doubtful» when renewal of such loans is sought or amendments requested or when monitoring breaches.

Level Two controls are performed by regional or subsidiary Risk Controllers reporting to the regional or subsidiary Head of Control or by Central Risk Control.

The **regional or subsidiary Risk Controllers** carry out checks to ensure that «performing» loans merit this status. They examine and monitor «performing loans under watch» and «doubtful loans» for the purpose of downgrading or reclassifying them if necessary. They oversee the proper application of rules relating to ratings.

In order to fulfil their risk management duties, Risk Controllers rely primarily on computing tools and monthly delegated limit reports. These controls can be performed on site or remotely.

During on-site controls, Risk Controllers are required to use sampling techniques to assess the quality of risk management by operational staff, with special attention given to standing procedures and compliance with Level One control obligations.

2-3 Central Risk Control, under the Control and Provisioning Division, performs the following duties:

- ensuring that the regions and subsidiaries use the risk management system put in place by the Central Risk Division, as defined in the Credit Policy Manual;
- controlling compliance with applicable rating rules;
- monitoring of counterparty risk through remote centralised monitoring, on a monthly basis, of breaches and shortfalls in SRD (deferred settlement service) hedging and changes in risk classification;
- quarterly analysis of downgraded loans, in particular «performing loans under watch» and «doubtful» loans; monitoring of these risks and of related provisioning levels notably during interim reviews of downgraded risks;
- on-site audits to monitor the application of Crédit du Nord Group's credit policy by the Regional Risk Divisions. The regional entities and subsidiaries are audited every two years.

2-4 Level One and Two controls of functional divisions and specialised subsidiaries

The heads of Level Two permanent control for the Head Office divisions and some specialised subsidiaries report directly either to the Head of Permanent Control (Banking Operations Division, central control in charge of other functional departments) or to the Investment Services Compliance Officer (DPGA, DTC, DAF and brokerage firm Gilbert Dupont).

Due to the smaller size of some specialised subsidiaries, sometimes their senior director carries out these controls (e.g. Norbail Immobilier and Norbail Sofergie).

In other cases, Internal Control is partly outsourced: Starlease to Franfinance and Antarius to Aviva.

2-5 Permanent Control Committee

The Permanent Control Committee met twice in 2011, with the attendance of the Chief Executive Officer. It comprises the Head of Permanent Control, the Central Risk Manager, the Head of Periodic Control, the CFO, the Head of Information Systems, Projects and Banking Operations (DSIP) and the Corporate Secretary.

The Committee's role is to ensure the consistency and effectiveness of the Permanent Control system. It examines the summary of any principal findings presented by the division heads involved in the area of Permanent Control, analyses and assesses any significant issues identified by the various internal or external audit teams; and is informed of progress on the correction of selected issues.

3- Ethics and Investment Services Compliance

Under the authority of Corporate Secretary, this Division ensures that the rules of good conduct governing relations between the Bank, its employees and its customers are well defined, understood and observed.

Banking and finance ethics guidelines, which all staff must observe, are outlined in an appendix to the company's internal rules, which are distributed to all staff. Added to these principles are a number of specific measures relating to certain activities (e.g. discretionary portfolio managers).

In addition to compliance with AMF regulations, and in particular the principles of organisation and rules of good conduct defined in the General Regulations of the AMF, this entity is also in charge of anti-money laundering and anti-terrorism financing efforts.

Anti-money laundering and anti-terrorism financing is essentially based on knowledge of the Bank's customers, vigilance in the processing of transactions (blacklists of countries and individuals), monitoring of certain payment instruments (cheques, electronic payments), and the flagging and analysis of customer transactions.

Internal directives have been tailored to meet the requirements of the 3rd European Anti-Money Laundering and Terrorism Financing Directive; all relevant staff have been given training on this new regulation, which emphasises a risk-based approach (customers and/or operations).

Each of the Group's legal entities has a TRACFIN officer in charge of suspicious activity reporting within the entity, an Investment Services Compliance Officer, and usually a Permanent Control Manager.

IV Production and control of financial and accounting data

The Chief Financial Officer, who reports to the Chief Executive Officer, is responsible for the production and control of financial and accounting data.

As such, he oversees the proper application of applicable accounting rules and guidelines, and monitors recommendations issued by the Statutory Auditors.

Applicable accounting standards are French standards for the preparation of parent company financial statements and the standards formulated by the Société Générale Group's Finance Division for the preparation of the consolidated financial statements, which are based on IFRS accounting standards as adopted by the European Union.

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, Crédit du Nord Group is required to prepare its consolidated financial statements in compliance with IFRS.

Furthermore, Crédit du Nord Group is required to publish its prudential capital report (mainly Basel II).

In 2010, Société Marseillaise de Crédit (SMC) joined the Crédit du Nord Group and will adopt the same accounting system as the Crédit du Nord banks in 2012.

1- Production of accounting data

1-1 Role of the Accounting and Summary Information Department (DCIS)

This department, under the authority of the CFO, carries out two major tasks:

- **organisation and accounting procedures**: definition of a set of accounting rules for the whole of the Group that comply with current accounting regulations (definition of accounting frameworks and procedures, management of the internal chart of accounts, definition of reporting requirements, etc.);
- **production and analysis of accounting and financial statements**: preparation of the individual and consolidated financial statements of the Crédit du Nord Group and of other statements required by the regulatory authorities.

1-2 Accounting Information System

Crédit du Nord boasts a multi-bank information system, i.e. all Group banks (with the exception of Société Marseillaise de Crédit) are managed via the same platform. As such, they share the same processing systems for banking transactions and the same summary reporting systems.

For accounting purposes, the summary accounting system comprises the reference summary database, «Base de Synthèse de Référence» (BSR), into which the accounting entries of the different operating systems are entered on a daily basis. Data from the BSR feeds into the end-of-month balance database (stocks): the enriched reference summary database, «Base de Synthèse de Référence Enrichie» (BSRE), integrates extra-accounting details from the different databases (e.g. economic agent code, residence, etc.) and operating systems (e.g. duration, interest rates, etc.).

At the hub of Crédit du Nord Group's summary system, the BSRE is notably used to:

- provide data for all accounting and tax-related reports;
- prepare the different regulatory reports (SURFI, Cofinrep, etc.);
- provide data for risk drivers in the Basel II ratio determination process, thus ensuring «native» accounting consistency.

This unified information system is instrumental in ensuring accounting consistency and regularity among the banks of the Group, with DCIS overseeing the definition and validity of accounting rules and procedures, as well as the flow of accounting information from input to output:

- the accounting treatment of Group-wide transactions is based on automated procedures. Regardless of whether the accounting frameworks are defined at the accounting user level (over two-thirds of book entries) or defined automatically by operating system software, all accounting procedures have been defined, tested and approved by DCIS;
- manual entries, which are on the decline, are subject to Group control procedures;
- accounting databases are interfaced to automatically input data into the consolidation packages and reports intended for the French Prudential Supervisory Authority (ACP) and the Banque de France.

1-3 Production of accounting data

Preparation of individual financial statements and individual consolidation packages

The figures presented in regulatory reports and individual consolidation packages are pre-estimated using parameters managed centrally by DCIS.

Each entity, using the same accounting information system, then records all non-automated items at the balance sheet date (representing a very low volume of entries).

Finally, each entity controls, analyses and records, where applicable, the adjustment accounting entries for all financial reports.

Once approved, the entities transmit the regulatory reports to the supervisory authorities and the individual financial statements are published.

In addition, all other entities, having their own accounting information systems, transmit, above and beyond the regulatory reports forwarded to the supervisory authorities, a separate consolidation package generated by their internal accounting application, compliant with Group regulations and procedures.

The consistent application of accounting principles and methods is ensured via meetings organised by DCIS with the accounting managers of the Group's companies in order to present and comment on current accounting issues as well as any account-closing decisions made by the Group. These frequent meetings ensure that the key points of each reporting period have been integrated and interpreted by each company within the Group.

Account consolidation process

This phase culminates with the production of the consolidated financial statements used in managing the Group, legal and regulatory publications as well as reports to the shareholders.

During this phase, individual consolidation packages from Group companies are verified and approved, and consolidation and intercompany entries are booked. The consolidated financial statements are then analysed and validated before internal and external communication. The majority of these operations are performed on a monthly basis, which increases the reliability of the process. Group tax consolidation and reporting are also carried out during this phase.

2- Internal accounting control

2-1 At the network branch level

The day-to-day monitoring of accounts is carried out by staff in the banking services divisions for the branches and by staff in the business assistance units for the business centres.

They use a day-to-day account monitoring application developed and maintained by DCIS, which identifies accounts requiring further examination (balance or directional anomaly, failure to comply with regulatory thresholds, manual entries).

In accordance with the Crédit du Nord Group's determination to improve the quality and efficiency of its accounting supervision system, a new accounting supervision structure will be rolled out in 2012. Under the new structure, the finance division will be in charge of monitoring accounts (Oversight departments in Crédit du Nord regions and Accounting departments at the subsidiaries), operational staff will be given professional status with the creation of an «account monitoring» position and the expansion of the scope to all Network entities.

The documented and reported Level One control to ensure that this monitoring is properly performed is carried out by the Line Manager of the staff in charge of monitoring the accounts.

The Level Two control is conducted quarterly by the regional and subsidiary Permanent Control departments.

2-2 At the Head Office division level

Each Head Office division is responsible for overseeing accounting operations within its entity. The monitoring of accounts is performed daily by division staff, who also use the day-to-day account monitoring application. A documented Level One control is also performed by line management.

Level Two controls are performed annually by the head office division Permanent Control departments.

2-3 Control of the preparation of individual and consolidated financial statements

The process of consolidating accounting data and preparing consolidated financial statements is subject to several types of control:

Data controls

The software used to generate the consolidated reports includes configurable data consistency tests.

As long as the reporting company has not satisfied control requirements, it may not transmit accounting information to DCIS.

Once received, the consolidated reporting packages sent in by each consolidated company are analysed, corrected as necessary, and approved, notably via controls of consistency with previous monthly consolidated reporting packages, available budgets and unusual events for the month.

Entries specific to consolidation are then recorded. Lastly, DCIS performs controls of consolidated data output and analyses variations, particularly those relating to changes in shareholders' equity.

Controls of consolidation tools

A Group chart of accounts specific to consolidation is managed by DCIS. It aids in breaking down information for enhanced analysis.

The configuration of the Group consolidation system is monitored and the various automated consolidation processes are verified and approved.

Lastly, the automation of the monthly consolidated reporting process in itself helps to control changes in data over time by detecting any problems as they arise.

All of these controls help guarantee the quality of accounting production.

Accounting controls

The purpose of accounting controls is to ensure the quality of accounting document preparation through the implementation of a certification process.

In this regard, Société Générale implemented an accounting control process based on a SOX approach.

The aim of this approach is to provide Société Générale Group with a consolidated view of accounting controls in order to:

- strengthen the accounting control system;
- ensure the quality of the financial statement preparation process and of the accounting and financial information published (certification process);
- meet requests from the Group's Audit Committee.

In 2011, Crédit du Nord parent company participated in the quarterly certification of the Société Générale Group based on a small number of key controls. In 2012, a certification mechanism similar to that of Crédit du Nord parent company will be extended to its banking subsidiaries.

2-4 Structure established to guarantee the quality and reliability of the audit trail

Each Crédit du Nord Group bank has an end-to-end audit trail of the information chain. Given the complexity of the different banking systems and data production channels, this trail is comprised of various tools interconnected by references which are representative of search keys.

It is defined by procedures established at each phase of the data production process.

The audit trail is organised to be able to optimally respond to different types of queries.

In fact, a different tool is used depending on whether the user wishes to locate a specific event or to recreate a regulatory filing comprised of a large number of accounting entries and requiring the tracking of reference tables.

The tools used by Crédit du Nord Group include:

- a query tool ranging from Event Reports (CREs) to accounting entries, with an audit trail at the accounting user level;
- accounting database query tools (accounting flows and balances);
- query tools that work within data output applications (regulatory reporting software packages, consolidation software packages, etc.).

Furthermore, the accounting documents used to monitor and control accounting operations are retained for the lengths of time specified by laws and agreements.

2.5 Isolation and monitoring of assets held for third parties

As an investment service provider, Crédit du Nord is required to:

- protect the rights of its customers to the financial instruments belonging to them;
- prevent the use of said financial instruments for proprietary purposes, except with the customer's consent.

Assets held for third parties are segregated from assets held for proprietary activities and are managed by separate departments and accounts.

IT authorisations for the applications used for both activities are restricted and separate, thus facilitating their separate management.

The Statutory Auditors are now required to issue an annual report on the measures taken by the Group to ensure the protection of customer assets.

3- Preparation and control of financial and management data

3-1 Production of financial and management data

Crédit du Nord Group bases its financial management on accounting data.

The analytical accounting data needed for the financial management of Crédit du Nord Group are generated by the accounting information system and operating systems, which break down data by item and by entity. This information is stored in a **unified management database**, which covers the scope of Crédit du Nord and its banking subsidiaries. Société Marseillaise de Crédit (SMC), acquired in 2010, was integrated into Crédit du Nord's management database. The entity will tie into Crédit du Nord Group's accounting information system in 2012.

The Financial Management Division (DGF), under the authority of the CFO, manages the allocation of general accounting data to the various cost accounting line items. On the basis of the rules defined by the Group ALM unit regarding the match-funding of assets and liabilities, the analytical accounting system allows users to switch from an interest paid/received accounting view to an analytical approach in terms of margins on notional match-funding.

Information from the management database is available from the branch level up to the Group level and is identical from one level to the next. As a result, the data can be used by all Crédit du Nord Group control teams: subsidiaries, regional divisions, functional divisions and the Financial Management Division, which use this information in particular to prepare the half-yearly management report.

3-2 Verification of financial and management information

This information is checked during the monthly data entry process by verifying the cost accounting category to which the collected data is assigned, the income statement, the balance sheet and operating procedures, and by systematic analysis of variations in totals and significant changes. Downstream of the process, a monthly reconciliation is also performed by comparing the financial accounting figures with the management reporting figures for the main intermediate balances.

Budgets are monitored twice a year in the presence of the General Management: in the first half of the year at the Regional and Subsidiary Meetings and in the third quarter at the annual budget meeting. During these meetings, changes in NBI, operating expenses, investments and key risk indicators are systematically reviewed.

A **Cost Control Committee**, which includes the Chief Executive Officer and the head-office divisional managers, meets twice a year. A periodic review of changes in network operating expenses is carried out by member of DGF's management.

An **IT Project Monitoring Committee** meets quarterly with the Chief Executive Officer in order to examine the progress of projects and their financial impact on budgets and medium-term planning.

Chairman of the Board of Directors
Jean-François SAMMARCELLI

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (Code de commerce), on the report prepared by the chairman of the board of directors of Crédit du Nord

Fiscal year ended December 31, 2011

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

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

To the Shareholders,

In our capacity as statutory auditors of Crédit du Nord and in accordance with article L. 225-235 of the French commercial code (Code de commerce), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (Code de commerce) for the year ended December 31, 2011.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (Code de commerce). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

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

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

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;

- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (Code de commerce).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (Code de commerce).

Neuilly-sur-Seine and Paris-La Défense, April 18, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES
Jean-Marc MICKELER

ERNST & YOUNG et Autres
Bernard HELLER

Consolidated balance sheet

Assets

(in EUR millions)	Note	31/12/2011	31/12/2010
Cash, due from central banks	4	1,989.3	931.9
Financial assets at fair value through profit or loss	5	1,337.4	1,462.9
Hedging derivatives	6	780.0	472.4
Available-for-sale financial assets	7	6,668.3	6,346.8
Due from banks	8	8,098.5	4,410.4
Customer loans	9	31,768.3	28,636.3
Lease financing and similar agreements	10	2,123.5	1,962.5
Revaluation differences on portfolios hedged against interest rate risk		335.8	134.1
Held-to-maturity financial assets	11	37.5	46.1
Tax assets	12	388.5	306.7
Other assets	13	505.0	521.1
Investments in subsidiaries and affiliates accounted for by the equity method		8.7	8.1
Tangible and intangible fixed assets	14	608.9	532.4
Goodwill	15	508.0	564.7
TOTAL		**55,157.7**	**46,336.4**

Liabilities

(in EUR millions)	Note	31/12/2011	31/12/2010
Due from central banks		-	-
Financial liabilities at fair value through profit or loss	5	1,378.3	978.8
Hedging derivatives	6	385.1	471.5
Due to banks	17	6,607.5	3,418.0
Customer deposits	18	27,716.7	24,282.1
Debt securities	19	8,749.0	8,241.5
Revaluation differences on portfolios hedged against interest rate risk		524.3	-11.9
Tax liabilities	12	720.4	609.6
Other accounts payable	13	1,109.7	1,105.2
Underwriting reserves of insurance companies	23	4,482.6	4,252.0
Provisions	16	219.4	189.1
Subordinated debt	22	670.3	474.3
TOTAL DEBT		**52,563.3**	**44,010.2**
Common stock		890.3	890.3
Equity instruments and associated reserves		147.2	127.0
Retained earnings		1,157.5	906.9
Net income		314.8	263.4
Sub-total		**2,509.8**	**2,187.6**
Gains or losses booked directly to equity	24	19.1	76.4
Sub-total, equity, Group share		**2,528.9**	**2,264.0**
Non-controlling interests		**65.5**	**62.2**
TOTAL SHAREHOLDERS' EQUITY		**2,594.4**	**2,326.2**
TOTAL		**55,157.7**	**46,336.4**

Consolidated income statement

(in EUR millions)	Notes	2011	2010
Interest and similar income	28	1,923.5	1,609.0
Interest and similar expenses	28	-819.3	-713.7
Dividends on equity securities		10.0	9.8
Fee income	29	956.4	865.6
Fee expenses	29	-140.4	-124.7
Net income from financial transactions		-2.2	4.8
o/w net gains and losses on financial instruments at fair value through profit or loss	*30*	*-1.6*	*-2.3*
o/w net gains or losses on available-for-sale financial assets	*31*	*-0.6*	*7.1*
Income from other activities	32	25.1	29.7
Expenses due to other activities	32	-17.0	-22.7
Net Banking Income		**1,936.1**	**1,657.8**
Personnel expenses	33	-727.8	-663.0
Taxes		-35.4	-23.2
Other expenses		-380.4	-323.3
Amortisation and depreciation of intangible and tangible fixed assets		-88.0	-81.2
Total operating expenses		**-1,231.6**	**-1,090.7**
Gross Operating Income		**704.5**	**567.1**
Cost of risk	35	-198.0	-176.0
Operating income		**506.5**	**391.1**
Share of net income of companies accounted for by the equity method		0.8	0.8
Net income/expenses from other assets		0.9	1.5
Goodwill impairment		-	-
Earnings before tax		**508.2**	**393.4**
Income tax	36	-185.8	-122.6
Consolidated net income		**322.4**	**270.8**
Non-controlling interests		7.6	7.4
CONSOLIDATED NET INCOME		**314.8**	**263.4**
Consolidated net earnings per share (in EUR)		**2.83**	**2.37**
Number of shares making up the company's capital		**111,282,906**	**111,282,906**

Statement of net income and gains and losses booked directly to equity*

(in EUR millions)	2011	2010
Net income	**322.4**	**270.8**
Translation gain (loss)	-	-
Revaluation of available-for-sale financial assets	-78.4	69.7
Revaluation of derivatives qualified as cash flow hedges	-	-
Share of gains and losses booked directly to equity from companies accounted for by the equity method	-	-
Taxes	20.7	-4.1
Total gains and losses booked directly to equity	**-57.7**	**65.6**
NET INCOME AND GAINS AND LOSSES BOOKED DIRECTLY TO EQUITY*	**264.7**	**336.4**
o/w Group share	257.5	327.6
o/w non-controlling interests	7.2	8.8

* *See note 24.*

Change in shareholders’ equity

	Capital and associated reserves			Retained earnings	Gains and losses booked directly to equity			Consolidated shareholders' equity		
(in EUR millions)	Common stock	Equity instru-ments and associated reserves	Elimination of treasury stock	Retained earnings	Change in fair value of available-for-sale assets	Change in fair value of hedging derivatives	Deferred taxes on change in fair value	Group share	non-controlling interests	Total
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2009	**740.3**	**124.6**	**-**	**1,230.2**	**6.8**	**-**	**5.4**	**2,107.3**	**57.0**	**2,164.3**
Capital increase	150.0							150.0	-	150.0
Elimination of treasury stock								-	-	-
Issuance of equity instruments								-	-	-
Equity component of share-based payment plans		3.0						3.0	-	3.0
2010 dividends paid				-323.9				-323.9	-3.6	-327.5
Impact of acquisitions and disposals of non-controlling interests								-	-	-
Sub-total of changes linked to relations withshareholders	**150.0**	**3.0**	**-**	**-323.9**	**-**	**-**	**-**	**-170.9**	**-3.6**	**-174.5**
Change in value of financial instruments having an impact on shareholders’ equity					68.3			68.3	1.4	69.7
Change in value of financial instruments, as a percentage of income								-	-	-
Tax impact of change in value of financial instruments having an impact on shareholders’equity or as a percentage of income							-4.1	-4.1	-	-4.1
Translation differences and other changes		-0.6		0.6				-	-	-
2010 net income				263.4				263.4	7.4	270.8
Sub-total	**-**	**-0.6**	**-**	**264.0**	**68.3**	**-**	**-4.1**	**327.6**	**8.8**	**336.4**
Changes in value of financial instruments having an impact on shareholders’ equity								-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SHAREHOLDERS’ EQUITY AT DECEMBER 31, 2010	**890.3**	**127.0**	**-**	**1,170.3**	**75.1**	**-**	**1.3**	**2,264.0**	**62.2**	**2,326.2**

	Capital and associated reserves			Retained earnings	Gains and losses booked directly to equity			Consolidated shareholders' equity		
(in EUR millions)	Common stock	Equity instru-ments and associated reserves	Elimination of treasury stock	Retained earnings	Change in fair value of available-for-sale assets	Change in fair value of hedging derivatives	Deferred taxes on change in fair value	Group share	non-controlling interests	Total
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010	**890.3**	**127.0**	**-**	**1,170.3**	**75.1**	**-**	**1.3**	**2,264.0**	**62.2**	**2,326.2**
Capital increase								-	-	-
Elimination of treasury stock								-	-	-
Issuance of equity instruments								-	-	-
Equity component of share-based payment plans		7.4						7.4	-	7.4
2011 dividends paid								-	-3.8	-3.8
Impact of acquisitions and disposals of non-controlling interests								-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**7.4**	**-**	**-**	**-**	**-**	**-**	**7.4**	**-3.8**	**3.6**
Change in value of financial instrumentshaving an impact on shareholders' equity					-78.0			-78.0	-0.4	-78.4
Change in value of financial instruments, as a percentage of income								-	-	-
Tax impact of change in value of financial instruments having an impact on shareholders'equity or as a percentage of income							20.7	20.7	-	20.7
Translation differences and other changes		12.8		-12.8				-	-	-
2011 net income				314.8				314.8	7.5	322.3
Sub-total	**-**	**12.8**	**-**	**302.0**	**-78.0**	**-**	**20.7**	**257.5**	**7.1**	**264.6**
Changes in value of financial instruments having an impact on shareholders' equity								-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011	**890.3**	**147.2**	**-**	**1,472.3**	**-2.9**	**-**	**22.0**	**2,528.9**	**65.5**	**2,594.4**

Basel II prudential capital

(in EUR millions)	31/12/2011	31/12/2010
BOOK SHAREHOLDERS' EQUITY, GROUP SHARE	**2,528.9**	**2,264.0**
Estimate of provisional dividends	-222.6	-
Non-controlling interests	65.5	62.2
Estimate of dividends payable in respect of non-controlling interests	-3.4	-3.9
Prudential deductions(1)	-749.7	-792.8
PRUDENTIAL CORE CAPITAL	**1,618.7**	**1,529.5**
Basel II deductions	-115.0	-192.1
TIER ONE CAPITAL	**1,503.7**	**1,337.4**
Supplementary capital	662.2	369.1
Other deductions	-257.4	-334.5
PRUDENTIAL CAPITAL	**1,908.5**	**1,372.0**

(1) *Goodwill, intangible fixed assets and IFRS prudential filters.*

Statement of cash flows

(in EUR millions)	31/12/2011	31/12/2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income after tax (I)	**322.4**	**270.8**
Amortisation and depreciation expense on tangible and intangible fixed assets	89.3	70.5
Net allocation to provisions and write-downs (including underwriting reserves of insurance companies)	402.4	608.1
Net income/loss from companies accounted for by the equity method	-0.8	-0.8
Deferred taxes	8.0	-26.6
Net income from the sale of long-term available-for-sale assets and consolidated subsidiaries	-0.5	-4.2
Change in deferred income	15.9	11.5
Change in prepaid expenses	5.6	9.2
Change in accrued income	-46.6	-29.2
Change in accrued expenses	152.0	104.9
Other changes	260.7	135.8
Non-monetary items included in net income and other adjustments (not including income on financial instruments measured at fair value through profit or loss) (II)	**886.0**	**879.2**
Net income on financial instruments measured at fair value through profit or loss (III)	**1.6**	**2.3**
Interbank transactions	-239.9	-474.5
Transactions with customers	100.1	-88.0
Transactions related to other financial assets and liabilities	347.3	520.8
Transactions related to other non financial assets and liabilities	-217.8	-60.5
Net increase/decrease in cash related to operating assets and liabilities (IV)	**-10.3**	**-102.2**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)=(I)+(II)+(III)+(IV)	**1,199.7**	**1,050.1**
NET CASH FLOW FROM INVESTING ACTIVITIES		
Cash flows from the acquisition and disposal of financial assets and long-term investments	8.3	-452.0
Tangible and intangible fixed assets	-68.1	-56.3
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-59.8**	**-508.3**
NET CASH FLOW FROM FINANCING ACTIVITIES		
Cash flow from/to shareholders	-3.8	-177.4
Other net cash flows from financing activities	190.0	-151.5
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**186.2**	**-328.9**
NET FLOW OF CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**1,326.1**	**212.9**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the start of the year		
Net balance of cash accounts and accounts with central banks (excluding related receivables)	930.7	954.7
Net balance of accounts, demand deposits and loans with banks	1,165.9	929.0
Cash and cash equivalents at the close of the year		
Net balance of cash accounts and accounts with central banks (excluding related receivables)	1,988.0	930.7
Net balance of accounts, demand deposits and loans with banks	1,434.7	1,165.9
NET FLOWS OF CASH AND CASH EQUIVALENTS	**1,326.1**	**212.9**

Notes to the consolidated financial statements

NOTE 1 Principles and methods of consolidation, accounting principles

Main valuation and presentation rules for the consolidated financial statements

Pursuant to European Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, Crédit du Nord Group (the «Group») has published its consolidated financial statements for the period ended December 31, 2011 in compliance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable at said date. These standards are available on the European Commission website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The Group is fully subject to these standards as it regularly issues redeemable subordinated notes admitted for trading on the primary market.

The IFRS framework includes IFRS 1 to 8 and IAS (International Accounting Standards) 1 to 41, as well as the interpretations of these standards as adopted by the European Union at December 31, 2011.

The Group also continued to apply the provisions of IAS 39, as adopted by the European Union, on macro fair value hedge accounting (IAS 39, carve out).

The consolidated financial statements are presented in euros.

The main valuation and presentation rules applied during the preparation of the consolidated financial statements are laid out below.

These accounting principles and methods were applied consistently in financial years 2010 and 2011.

Use of estimates

In drawing up the consolidated financial statements, the application of the accounting principles and methods described below led Management to formulate assumptions and make estimates which may have an impact on the amounts recognised on the income statement, on the measurement of balance sheet assets and liabilities, and on the disclosures presented in the notes to the consolidated financial statements.

In order to make these estimates and formulate such assumptions, Management uses data available at the date of issue of the consolidated financial statements and may rely on its own judgement. By nature, the valuations based on these estimates contain risks and uncertainties as to whether they will materialise in the future. Consequently, the final future results of the transactions in question may different from these estimates and therefore have a significant impact on the financial statements.

The use of estimates primarily concerns the following measurements:

- the fair value as reported on the balance sheet of financial instruments that are not listed on an active market is recognised under the headings «Financial assets or liabilities at fair value through profit or loss», «Hedging instruments» or «Available-for-sale financial assets» (see Notes 5 to 7), as well as the fair value of instruments for which such information must be presented in the notes;
- amounts recognised as impairments of financial assets (Loans and receivables, Available for-sale financial assets, and Held-to-maturity financial assets), finance lease transactions and related transactions, tangible and intangible assets, and goodwill (see Notes 15, 16);
- provisions recognised on the liabilities side of the balance sheet, including provisions for employee benefits, underwriting reserves of insurance companies and the share of unrealised gain and losses recorded on the balance sheet (see Notes 16, 20, 21 and 23);
- the initial value of goodwill recognised for business combinations (see Note 15);
- the fair value used to revalue the equity interest retained by the Group in an entity when it gives up control of a consolidated subsidiary.

Segment reporting

Given the non-materiality of the insurance and intermediation businesses compared to banking operations, Crédit du Nord Group reports exclusively on the latter sector of activity. It is on this basis that the Group's activities are monitored by its key operational decision-making bodies. Similarly, considering that Crédit du Nord Group represents a major national banking group, its reporting focuses on a single geographic area.

IFRS and IFRIC interpretations applicable by the Group as from January 1, 2011

Standards, Amendments or Interpretations	IASB Publication Date	European Union Adoption Date
Amendment to IAS 32 "Classification of Rights Issues"	October 8, 2009	December 23, 2009
Amendments to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	January 28, 2010	June 30, 2010
IAS 24 (revised) "Related Party Disclosures"	November 4, 2009	July 19, 2010
Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"	November 25, 2009	July 19, 2010
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	November 25, 2009	July 23, 2010
Improvements to IFRS – May 2010	May 6, 2010	February 18, 2011

The application of these new provisions had no significant impact on the Group's income or shareholders' equity.

Amendments to IAS 32 «Classification of Rights Issues»

This amendment covers the accounting treatment of subscription rights (pre-emptive subscription rights, options, warrants, etc.) issued in a functional currency other than the issuer's currency. These rights were previously recognised as derivatives. Now, under certain restrictive conditions, they can be classified under shareholders' equity, regardless of the currency in which the strike price is denominated.

Amendments to IFRS 1 «Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters»

First-time adopters are authorised to use, with the same transition provisions as apply to current IFRS preparers, the transitional provisions included in Amendments to IFRS 7, «Improving Disclosures about Financial Instruments».

IAS 24 (revised), «Related Party Disclosures»

This revision simplifies the disclosure requirements for entities exclusively or jointly controlled by the State, or significantly influenced by the State, and clarifies the definition of a related party.

Amendment to IFRIC 14 «Prepayments of a Minimum Funding Requirement»

This amendment clarifies the conditions under which net assets may be recognised under post retirement defined benefit plans where an entity makes voluntary prepaid contributions, thereby permitting reductions in future contributions to the plan.

IFRIC 19 «Extinguishing Financial Liabilities with Equity Instruments»

This interpretation provides guidance on how a debtor entity accounts for extinguishing a financial liability by issuing equity instruments. Such equity instruments must be measured at fair value. The difference between the carrying amount of the extinguished debt and the fair value used to measure the issued equity instruments must be taken to profit or loss.

Improvements to IFRS - May 2010

As part of the annual process of improving International Financial Reporting Standards, the IASB published six amendments to existing standards.

Accounting standards and interpretations that the Group will apply in the future

The IASB has published standards and interpretations that were not all adopted by the European Union as at December 31, 2011. Application of these standards and interpretation will become mandatory only starting on January 1, 2011, or upon their adoption by the European Union. Consequently, they were not applied by the Group at December 31, 2011.

Accounting standards, amendments or interpretations adopted by the European Union

Standards, Amendments or Interpretations	European Union Adoption Date	Application dates: fiscal years beginning from
Amendment to IFRS 7 «Disclosure Requirements for Transfers of Financial Assets"	November 22, 2011	July 1, 2011

Amendment to IFRS 7, «Disclosure Requirements for Transfers of Financial Assets»

This amendment helps users of financial statements to improve their understanding of transfers of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. Additional disclosures will also be required for transfers undertaken towards the end of a reporting period.

Accounting standards and interpretations not yet adopted by the European Union at December 31, 2011

Standards or Interpretations	IASB Publication Date	Application dates: fiscal years beginning from
IFRS 9 «Financial Instruments – Phase 1: Classification and Measurement»	November 12, 2009, October 28, 2010, and December 16, 2011	January 1, 2015
Amendments to IAS 12 «Deferred Tax: Recovery of Underlying Assets»	December 20, 2010	January 1, 2012
IFRS 10 «Consolidated Financial Statements»	May 12, 2011	January 1, 2013
IFRS 11 «Joint Arrangements»	May 12, 2011	January 1, 2013
IFRS 12 «Disclosure of Interests in Other Entities»	May 12, 2011	January 1, 2013
IFRS 13 «Fair Value Measurement»	May 12, 2011	January 1, 2013
Amendments to IAS 27 «Consolidated and Separate Financial Statements»	May 12, 2011	January 1, 2013
Amendments to IAS 28 «Investments in Associates and Joint Ventures»	May 12, 2011	January 1, 2013
Amendments to IAS 1 «Presentation of Other Comprehensive Income»	June 16, 2011	January 1, 2013
Amendments to IAS 19 «Employee Benefits»	June 16, 2011	January 1, 2013
IFRIC 20 «Stripping Costs in the Production Phase of a Surface Mine»	October 19, 2011	January 1, 2013
Amendments to IFRS 7 and IAS 32 on the offsetting of financial assets and liabilities	December 16, 2011	January 1, 2013 January 1, 2014

IFRS 9 «Financial Instruments – Phase 1: Classification and Measurement»

This standard, which represents the first phase in the overhaul of the provisions of IAS 39, defines new rules for classifying and measuring financial assets and liabilities. The impairment methodology for financial assets as well as hedges will be addressed in future phases to complete IFRS 9.

Financial assets will be classified in three categories (amortised cost, fair value through profit or loss and fair value through equity) based on the characteristics of their contractual flows and the manner in which the entity manages its financial instruments (business model).

Debt instruments (loans, receivables or debt securities) will be recognised at amortised cost, provided that they are held with a view to collecting the contractual cash flows and that they present standard characteristics (the cash flows must consist solely of repayments of principal and payments of interest on outstanding principal). Otherwise, these financial instruments will be measured at fair value through profit or loss.

Equity instruments will be recognised at fair value through profit or loss unless there is an irrevocable option to measure them at fair value through equity (only if these instruments are not held for trading and classified as such in financial assets measured at fair value through profit or loss) without subsequent removal from equity followed by recognition under profit or loss.

Embedded derivatives will no longer be recognised separately from host contracts, where said host contracts are financial assets such that the entire hybrid (combined) contract must be recognised at fair value through profit or loss.

The rules for classifying and measuring financial liabilities addressed by IAS 39 will be retained without modification in IFRS 9, with the exception of financial assets which the entity has elected to measure at fair value through profit or loss (fair value option) for which revaluation differences associated with changes in the entity's own credit risk will be recognised as gains and losses taken directly to equity without subsequent removal from equity followed by recognition under profit or loss.

The provisions of IAS 39 regarding derecognition of financial assets and liabilities will be retained without modification in IFRS 9.

Amendment to IAS 12 «Deferred Tax: Recovery of Underlying Assets»

The measurement of deferred taxes depends on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will normally be through sale, unless the entity has the clear intention to realise the asset in a different manner. This presumption relates solely to property, plant and equipment and intangible assets valued or revalued at fair value.

IFRS 10 «Consolidated financial statements»

This new standard introduces a single control-based model with the enhanced use of judgement. The new definition of control must include: the power exercised over the entity, exposure or rights to the entity's variable returns, and the ability to use power over the entity to influence said returns.

IFRS 11 «Joint Arrangements»

This standard distinguishes between two types of joint arrangements (joint operations and joint ventures), based on the type of rights and obligations of the partners, and eliminates the option of applying the proportionate consolidation method. Joint ventures must now be consolidated according to the equity method.

IFRS 12 «Disclosure of Interests in Other Entities»

This standard sets forth all information that must be disclosed in the notes to the financial statements for all consolidated entities and for all structured entities, whether consolidated or not.

IFRS 13 «Fair Value Measurement»

This standard defines fair value, establishes a framework for fair value measurements and stipulates the information to be provided on the methodology of fair value measurements.

Amendments to IAS 27 «Consolidated and Separate Financial Statements»

The amendments clarify the methods for recognising equity investments in separate financial statements.

Amendments to IAS 28 «Investments in Associates and Joint Ventures»

IAS 28 has been amended to accommodate changes to IFRS 10 and 11 on investments in associates and joint ventures.

Amendments to IAS 1 «Presentation of Other Comprehensive Income»

These amendments modify certain provisions pertaining to the presentation of other comprehensive income (OCI): combined presentation of the various components of OCI (whether recycled to profit or loss or not) and the tax effect associated with each component of OCI.

Amendments to IAS 19 «Employee Benefits»

The main changes to the standard have to do with actuarial gains and losses which must be recorded in OCI. Furthermore, in the event of a plan change, past service cost will be immediately taken to profit or loss, whether or not the rights have been vested.

IFRIC 20 «Stripping Costs in the Production Phase of a Surface Mine»

This interpretation defines the stripping costs generated in the production phase of a surface mine.

Amendments to IFRS 7 and IAS 32 on the offsetting of financial assets and liabilities

The amendment to IFRS 7 mainly stipulates the presentation of the gross amounts of financial assets and liabilities (before the impacts of offsetting), offset amounts and the net amount presented in the balance sheet. The amendment to IAS 32 offers clarifications on the offsetting of financial assets and liabilities: offsetting is only considered mandatory if an entity has an unconditional and legally enforceable right to set-off the amounts recorded and intends either to settle the asset and liability on a net basis, to realise the asset and liability on a net basis, or to simultaneously realise the asset and settle the liability.

Presentation of the financial statements

Use of the banking statement format recommended by the french national accounting standards board

In the absence of any model required by IFRS, the format used for the financial reports complies with the format for banking statements recommended by the French National Accounting Standards Board (Conseil National de la Comptabilité) in Recommendation No. 2009-R-04 of July 2, 2009.

Rule on offsetting financial assets and liabilities

A financial asset and a financial liability are offset and a net total is presented on the balance sheet when the Group has a legally enforceable right to offset recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

On the balance sheet, the Group has recognised the net amount of reverse repurchase or repurchase agreements meeting the following criteria:

- they were entered into with the same legal entity;
- they had identical firm maturity dates at origination;
- they are covered under a master agreement that provides for a standing and binding right to settle amounts due on the same day;
- they are unwound through settlement/delivery systems that guarantee delivery of the securities against receipt of the associated cash amounts.

On its balance sheet, the Group has also recognised the net amount of the fair value of index options traded on an organised market, having as their underlying instrument shares in a given legal entity meeting the following criteria:

- the market on which they are traded requires net settlement;
- they are traded under an identical strategy;
- they are traded on the same organised market;
- settlement of options via delivery of the physical underlying assets is not possible on these organised markets;
- they share the same characteristics (firstly, offsetting call options against call options and, secondly, offsetting put options against put options);

- they have the same underlying instrument, the same currency and the same maturity date.

Cash and cash equivalents

For the purposes of preparing the cash flow statement, cash and cash equivalents include cash accounts, demand deposits and demand loans and borrowings from central banks and credit institutions.

Earnings per share

Earnings per share are calculated by dividing net earnings attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Principles of consolidation

Companies that do not qualify as significant under the Group's accounting standards have been excluded from the consolidation scope. In order to qualify as not significant, Group companies must meet the three following conditions for two consecutive fiscal years:

- total assets of less than EUR 10 million;
- net income of less than EUR 1 million;
- no equity interest in a consolidated company.

The scope of voting rights taken into consideration to assess how the Group controls an entity and the applicable consolidation procedures includes the existence and effect of potential voting rights when such voting rights are currently exercisable or convertible at the date control is assessed. Potential voting rights may arise from instruments such as call options on ordinary shares outstanding in the market or rights to convert bonds into new common shares.

The following consolidation procedures are used:

Full consolidation (IAS 27)

This method applies to wholly-owned companies.

Exclusive control of a subsidiary is understood as the power to govern the company's financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist when there is:

- direct or indirect ownership of more than half of the voting rights in the subsidiary;
- power to appoint or remove the majority of the members of the subsidiary's administrative, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies,
- power to exercise significant influence over a subsidiary by virtue of a contractual arrangement or under a clause in the company's by-laws.

Proportionate consolidation (IAS 31)

Companies that are jointly owned and controlled by Crédit du Nord Group are consolidated proportionately.

Joint control is the sharing of control over a subsidiary that is jointly operated by a limited number of partners or shareholders such that financial and operating decisions require the consent of the parties sharing control.

A contractual arrangement must specify that the unanimous consent of all partners or shareholders is required for exercising control over the economic activity of the subsidiary and for all strategic decisions.

Equity method (IAS 28)

Companies in which the Group holds a significant influence are consolidated using the equity method. Significant influence is defined as the power to participate in the financial and operating policy decisions of a subsidiary without exercising control over those policies. This can result from representation on governing or supervisory bodies, participation in strategic policy-making processes, the existence of major inter-company transactions, interchange of managerial personnel or the provision of essential technical information. The Group is presumed to exercise significant influence if it directly or indirectly holds at least 20% of the voting rights.

Under the equity method, investments carried on the asset side of the balance sheet of Crédit du Nord and its subsidiaries are replaced by the Group's share in the equity and in the net income of companies accounted for by the equity method.

The net difference resulting from this substitution is recognised under «Consolidated reserves». The Group's share in associates' income is recognised under «Net income of companies accounted for by the equity method».

Accounting treatment of special purpose entities (SIC 12)

Separate legal structures created specifically to manage a transaction or set of similar transactions (special purpose entities or SPEs) are consolidated if they are substantially controlled by the Group, even in the absence of capital ties.

The following criteria are used on a non-cumulative basis to assess whether a special purpose entity is controlled by another entity:

- the SPE's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPE's operation;
- the Group has decision-making and management powers over the entity's ordinary operations or over the assets comprising the entity; such powers may have been delegated through the implementation of an autopilot mechanism;
- the Group is entitled to receive the majority of the benefits of the SPE;
- the Group retains the majority of the risks related to the SPE.

When consolidating SPEs controlled in substance by the Group, the portion of the SPEs that is not held by the Group is recognised as a debt instrument on the balance sheet.

Restatements and eliminations

The financial statements of consolidated companies are restated as necessary in accordance with the Group's accounting policies. Consolidated net assets and net income are presented after the elimination of intra-group transactions.

Business combinations and goodwill (IFRS 3)

Crédit du Nord Group uses the acquisition method to account for its business combinations. Acquisition cost is measured based on the total of the acquisition-date fair value of the identifiable assets acquired, the liabilities assumed and the equity instruments issued in the exchange for the acquired entity. Costs directly associated with business combinations are recognised in profit or loss for the period.

Earn-out is subsumed into the acquisition cost at fair value at the acquisition date even where said earn-out is of a contingent nature. This item is accounted for as an asset or a liability based on the manner in which such earn-out is settled. If earn-out is qualified as a debt instrument, subsequent adjustments to such earn-out are recognised in profit or loss for financial liabilities covered by IAS 39 and, for liabilities not addressed by IAS 39, in accordance with the standards that apply; if earn-out is qualified as an equity instrument, these adjustments are not recognised.

In line with IFRS 3, «Business Combinations», identifiable assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entity are measured individually at their acquisition date fair value, regardless of their purpose. The analyses and appraisals necessary for the initial measurement of such items, and any corrections to the value based on new information, must be carried out within 12 months of the acquisition date.

Any positive difference between the acquisition cost of the acquired entity and the acquired portion of remeasured net assets is recognised on the asset side of the balance sheet as «Goodwill»; any negative difference is directly recognised in profit or loss. Non-controlling interests are then measured at their proportion of the fair value of identifiable assets and liabilities in the acquired entity. However, the Group may also elect, for each business combination, to measure non-controlling interests at fair value, with a fraction of such goodwill then being allocated.

Goodwill is carried on the balance sheet at historical cost.

At the date control of the acquired entity is obtained, the Group remeasures its pre-combination equity interest in the acquired entity at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. For business combinations achieved in stages, goodwill is determined by reference to fair value at the date control of the acquire entity is obtained.

If the Group increases its equity interest in an entity that that was exclusively controlled before the combination, the difference between the acquisition cost of the additional equity interest and the acquired portion of the acquired entity's net assets at that date is recorded under «Consolidated reserves, Group share». Likewise, if the Group reduces its equity interest in an acquired entity that remains exclusively controlled, it is recognised in the financial statements as a transaction among shareholders within equity. When the control of a consolidated subsidiary is lost, any equity interest retained by the Group is remeasured at fair value through profit or loss simultaneously with the recognition of the gain or loss on disposal.

Goodwill is regularly reviewed by the Group and tested for impairment annually and whenever there is an indication of impairment. At the acquisition date, each item of goodwill is allocated to one or more Cash-Generating Units (CGUs) expected to benefit from the synergies of combination. Impairment of goodwill is calculated by comparing the carrying amount of the unit with the recoverable amount of the unit to which the goodwill was allocated. At present, the Group has only defined one CGU: retail banking.

When the recoverable amount of the CGU is less than its carrying amount, an irreversible impairment loss is recognised in the consolidated income statement for the period under «Impairment of goodwill».

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale within 12 months must be highly probable. Assets and liabilities falling under this category are reclassified as «Non-current assets held for sale» and «Liabilities directly associated with non-current assets classified as held for sale», with no netting.

Any negative differences between the fair value less selling costs of non-current assets and groups of assets held for sale and their net carrying amount is recognised as an impairment loss in profit or loss. Further, non-current assets held for sale are no longer amortised as from their reclassification.

An operation is classified as discontinued when the criteria for classification as held for sale have been satisfied or when the Group has disposed of it. Discontinued operations are disclosed on a single line item of the income statement for the period, including net earnings after tax from the discontinued operations until the disposal date and the gain or loss after taxes recognised on the disposal or on the measurement at fair value, less selling costs, of the assets and liabilities comprising the discontinued operations. Similarly, cash flows attributable to discontinued operations are booked as a separate item in the cash flow statement for the period.

Fiscal year-end

The consolidated financial statements were prepared on the basis of the separate financial statements for the period ended December 31, 2011 for all consolidated companies.

Accounting principles and valuation methods

These accounting principles have been applied since January 1, 2005.

Measuring fair value

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The best evidence of fair value of a financial instrument is, firstly, the quoted price where the financial instrument is listed on an active market. Otherwise, fair value is determined using valuation techniques.

A financial instrument is regarded as listed on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

A market is considered to be inactive on the basis of indicators such as a significant decline in trading volumes and the level of activity on the market, high disparity between prices available over time and between the different market operators mentioned above, or how much time has transpired since the most recent transactions took place on the market on an arm's length basis.

Where the financial instrument is traded on different markets and the Group has immediate access to these markets, the financial instrument's fair value is represented by the most beneficial market price. If an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value is the sum of the quoted market prices for the component parts, taking into consideration the bid price and asking price of the net position depending on whether it is a long or short position.

If the market for a financial instrument is not active or is no longer thought to be active, fair value is established by using valuation techniques (internal pricing models). Depending on the financial instrument, these include the use of data derived from recent transactions, fair values of substantially similar instruments, discounted cash flow models, option pricing models and pricing parameter models. These valuations are adjusted notably to reflect (where applicable and depending on the financial instruments in question and their associated risks) the bid or asking price of the net position and modelling risks in the case of complex instruments.

Where observable market data are used as the basis for measurement, fair value is deemed to be the market price, and the difference between the transaction price and the value arrived at using the in-house pricing model, representative of sales margin, is directly recognised in profit or loss. However, where the valuation criteria are not observable or the pricing models are not recognised by the market, the financial instrument's fair value at the time of the transaction is deemed to be the transaction price and the sales margin is generally recognised on the income statement over the expected life of the instrument, except where held to maturity or where sold prior to maturity for some instruments owing to their complexity. For issued instruments subject to a high number of redemptions on a secondary market and instruments for which there are quoted market prices, the sales margin is recognised on the income statement in accordance with the method used to determine the price of the instrument. Where an instrument's valuation criteria become observable, the part of the sales margin not yet booked is recognised on the income statement.

The methods described below were used by the Group to determine the fair value of financial instruments carried at fair value through profit or loss and financial instruments carried in the balance sheet at amortised cost for which the fair value is indicated in the notes to the financial statements purely for informational purposes.

Fair value of securities

Listed securities

The fair value of listed securities is determined on the basis of their market price at the balance sheet date.

Unlisted securities

- Unquoted equity instruments: fair value is measured as the proportion of the restated net asset value that the securities represent or, when possible, as the last known price paid for the securities in a buy, sell or subscription transaction, taking into account certain potential valuations of assets or liabilities;
- Debt instruments: fair value is determined by discounting future cash flows to present value at market rates.

Securities containing embedded derivatives

In the case of securities containing embedded derivatives, fair value is calculated for the combined instrument.

Fair value of loans

At Crédit du Nord Group, fair value of the following assets is assumed to be their carrying amount:

- short-term loans (with an initial maturity of one year or less), insofar as their exposure to interest rate risk and credit risk is negligible for the financial year;
- variable-rate loans, due to the frequency of interest rate adjustments (at least once a year for all products), except in the event of a significant change in the credit spread of a borrower.

In the case of fixed-rate loans with an initial maturity of over one year, and in the absence of an active market for bank loans, Crédit du Nord Group elected to determine the fair value of these assets using in-house pricing models. The method used consists in discounting to present value the future recoverable flows of principal and interest payments over the remaining term to maturity at the interest rate applied to new loans in the month of calculation, for groups of similar loans with the same maturity.

Fair value of finance leases

Crédit du Nord Group determines the fair value of finance lease agreements using in-house pricing models:

- property leases (Norbail Immobilier): all future recoverable cash flows are discounted to present value for the remaining term of the contract at the market rate increased by the initial margin on the contract;
- equipment leases (Star Lease): all remaining payments (including their residual value) are discounted to present value over the remaining term of the contract at the average weighted interest rate on new leases for the previous month.

Fair value of financial guarantees given

Given the nature of the financial guarantees given by Société Générale Group, fair value is taken to be the same as the carrying amount.

Fair value of debt

In general, in the case of floating-rate debt, current account deposits and debts with an initial maturity of one year or less, Crédit du Nord Group assumes that the carrying amount of deposits is the same as the fair value.

For fixed-rate borrowings with initial maturities of more than one year, and in the absence of an actively traded market for these debts, fair value is taken to be the present value of future cash flows discounted at the market rate in effect at the balance sheet date.

For deposits in regulated savings accounts excluding PEL contracts, Crédit du Nord Group considers that the applicable rate is a market rate, as it is identical for all establishments in the sector, and the carrying amount is therefore considered to be representative of their fair value.

The fair value of PEL deposits is assumed to be the carrying amount minus any PEL provisions recognised.

Fair value of debt securities

Negotiable medium-term notes, excluding structured issues, are booked at amortised cost. The fair value of negotiable medium-term notes is determined using in-house pricing models and by discounting future cash flows using a zero coupon yield curve.

Structured issues of negotiable medium-term notes are booked at fair value, which is determined either from prices obtained from counterparties or from Crédit du Nord's in-house pricing models, which use observable market parameters.

The fair value of the Crédit du Nord Group's certificates of deposit is assumed to be their carrying amount, insofar as all the certificates of deposit have maturities of less than one year.

Fair value of subordinated debt

Given that participating securities are quoted on an active market, their fair value is determined on the basis of their quoted price at the balance sheet date.

Redeemable subordinated notes are comparable to listed bonds and their fair value is taken to be their quoted price on Euronext at the balance sheet date.

Fair value of financial derivatives

Interest rate derivatives (interest rate swaps and options)

Crédit du Nord Group calculates the fair value of interest rate derivatives using in-house pricing models using observable market data. As a result, the fair value of swaps is calculated by discounting future interest flows to present value. The fair value of interest rate options is calculated based on valuations of future events, in accordance with the Black-Scholes model.

Forward contracts

Forward contracts are derivative financial instruments carried at fair value in the balance sheet, with changes in fair value recognised in profit or loss. The fair value of a forward contract is determined by the remaining forward term at the balance sheet date.

Fair value of fixed assets

The fair value of the Group's investment property is determined on the basis of an external assessment by an independent property appraisal firm.

The most significant properties are appraised annually, while other properties are appraised every three to four years (barring a specific event with a material impact on the value of the property). Between each appraisal, fair value is estimated using in-house price models (capitalisation calculation).

Classification and valuation of financial assets and liabilities

In general, regardless of their category (held-to-maturity, available-for-sale, fair value through profit or loss), sales and purchases of securities are recognised in the balance sheet at their settlement-delivery date. Loans are initially recognised at the date of disbursement.

Derivative financial assets and liabilities at fair value through profit or loss are booked at their trading date. On initial recognition, financial assets and liabilities are measured at fair value including acquisition costs (with the exception of financial instruments recognised at fair value through profit or loss) and are classified in one of the following financial categories.

Loans and receivables

Loans and receivables include non-derivative fixed- or determinable-income financial assets which are not listed on an active market and which are not held for trading purposes or held for sale from the time of their acquisition or issuance. Loans and receivables are presented on the balance sheet under the line item «Due from banks» or «Customer loans», depending on the counterparty. They are valued after their initial recognition at their amortised cost, based on the effective interest rate, and may be subject to impairment, where appropriate.

Financial assets and liabilities at fair value through profit or loss

This category covers financial assets and liabilities held for trading purposes. They are measured at fair value at the balance sheet date and recorded on the balance sheet under «Financial assets and liabilities at fair value through profit or loss». Changes in fair value are recognised on the income statement for the period under «Net gains or losses on financial instruments at fair value through profit or loss».

In addition to financial assets and liabilities held for trading, this category includes non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss, in accordance with the option provided by IAS 39, as defined in the amendment thereto in June 2005. The Group uses this option in the following cases:

- to measure certain compound instruments at fair value and thereby avoid the need to separate out embedded derivatives that would otherwise have to be booked separately. These include unlisted securities containing embedded derivatives (convertible bonds or bonds redeemable in shares) as well as structured issues of negotiable medium-term notes and structured borrowings;
- to eliminate or reduce discrepancies in the accounting treatment of certain financial assets and liabilities. The Group thus recognises at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognised according to local accounting principles. Revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are accordingly recognised in profit or loss. The fair value option thus allows the Group to record changes in the fair value of the financial assets through profit or loss so that they match fluctuations in the value of the insurance liabilities associated with these unit linked policies;
- to measure the fair value of securities held for venture capital activities, where the Group's stake is between 20% and 50%, as the performance of these securities is valued on the basis of fair value in accordance with a duly documented risk management or investment strategy. The business of capital venture companies involves investing in financial assets in order to make a profit from their total return in the form of dividends and changes in fair value.

Held-to-maturity investments

This category includes non-derivative fixed- or determinable-income assets with a fixed maturity, which are listed on an active market and which the Group has the intention and ability to hold to maturity. They are valued after their acquisition at their amortised cost and may be subject to impairment where appropriate. Amortised cost includes account premiums, discounts and transaction costs. These financial assets are recorded on the balance sheet under «Held to maturity financial assets».

Available-for-sale financial assets

This category covers non-derivative financial assets held for an indefinite period and which the Group may sell at any time. By default, these are financial assets which are not classified in one of the three above categories. Available-for-sale financial assets are measured at fair value at the balance sheet date, and any changes in value excluding accrued or earned income are recorded in shareholders' equity under «Unrealised gains or losses».

Accrued or earned income on fixed-income securities is recorded in profit or loss under «Interest and similar income - Trading in fixed-income financial instruments».

Income from equity securities classified as available-for-sale securities is booked to profit or loss under «Dividend income».

Changes in fair value are only recognised in profit and loss, under «Net gains or losses on available-for-sale financial assets», when the asset is sold or sustainably impaired. Write-downs affecting equity securities classified as available-for-sale assets may not be reversed.

Reclassification of financial assets

After initial recognition on the Group's balance sheet, financial assets may not be reclassified as «Financial assets at fair value through profit or loss».

A financial asset initially reported on the balance sheet under «Financial assets at fair value through profit or loss» may be reclassified to a different category under the following circumstances:

- if a fixed- or determinable-income financial asset held for trading purposes can no longer be traded on an active market following its acquisition, and the Group has the intention and the ability to hold the asset for the foreseeable future or to maturity, then this financial asset may be reclassified in «Loans and receivables», subject to meeting the applicable eligibility criteria;

- if rare circumstances lead to a change in holding strategy for non-derivative financial assets or equity investments initially held for trading, these assets may be reclassified either as «Available-for-sale financial assets» or as «Held-to-maturity financial assets», subject to meeting the applicable eligibility criteria.

Under no circumstances may derivative financial instruments or financial assets using the fair value option be reclassified in a category other than «Financial assets and liabilities at fair value through profit or loss».

Financial assets initially recorded as «Available-for-sale financial assets» may be transferred to «Held-to-maturity financial assets», subject to meeting the appropriate eligibility criteria.

Furthermore, if a fixed- or determinable-income financial asset initially recorded under «Available-for-sale financial assets» is no longer available for sale following its acquisition, and the Group has the intention and the ability to hold the asset for the foreseeable future or to maturity, then this financial asset may be reclassified in «Loans and receivables», subject to meeting the applicable eligibility criteria.

Reclassified financial assets are transferred to their new category at their fair value at the date of reclassification, after which they are valued in accordance with the provisions applicable to the new category.

The amortised cost of financial assets reclassified from «Financial assets at fair value through profit or loss» or «Available-for-sale financial assets» to «Loans and receivables», as well as the amortised cost of financial assets reclassified from «Financial assets at fair value through profit or loss» to «Available-for-sale financial asset», are determined on the basis of estimated future cash flows made on the date of reclassification. The estimate of expected future cash flows must be revised at each balance sheet date; in the event of an increase in estimated future inflows following a rise in their recoverability, the effective interest rate is adjusted on a forward-looking basis; however, where there is objective evidence of impairment resulting from an event which took place after the reclassification of the financial assets in question, and this event has a negative impact on initially expected future cash flows, a write-down on the asset in question is booked to «Cost of risk» on the income statement.

Financial liabilities measured at amortised cost using the effective interest method

Group borrowings that are not classified as «Financial liabilities measured at fair value through profit or loss» are initially booked at cost, corresponding to the fair value of the sums borrowed net of transaction costs. This debt is valued at amortised cost at the end of the financial period, using the effective interest method.

Amounts due to banks, Customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (deposits, current accounts) and term accounts in the case of banks; and special savings accounts and other deposits in the case of customers.

Accrued interest on this debt is recorded as related payables through profit or loss. This debt includes pension transactions, in the form of securitized debt payables, carried out with these economic operators.

Securitised debt payables

These liabilities are broken down into medium-term notes, savings bonds, negotiable debt instruments, bonds and other debt securities (with the exception of subordinated notes, which are classified under subordinated debt).

Interest accrued on these securities is calculated using the effective interest rate and booked as related payables through profit or loss. Bond issue and redemption premiums are amortised using the effective interest rate method over the life of the bonds in question. The resulting charge is recognised as interest expenses through profit or loss.

Subordinated debt

This item includes all dated or undated subordinated borrowings, which, in the event of the liquidation of the borrower, may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of subordinated debt, if any, is booked as related payables and as an expense on the income statement.

Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards of ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, the Group derecognises it and recognises separately an asset or liability representing any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity.

The Group only derecognises a financial liability (or part of a financial liability) when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

Financial assets carried at amortised cost

The criteria for determining whether the credit risk on an individual loan is probable are similar to those used under French regulations to determine whether a loan is doubtful.

At each balance-sheet date, the Group determines whether there is objective evidence of impairment for any asset or group of individually assessed financial assets as a result of one or more events occurring since the initial recognition («a loss-generating event») that has (have) an impact on the estimated future cash flows of the asset or group of financial assets which can be reliably estimated.

The Group first determines if there is objective evidence of impairment in any individually significant financial assets, and similarly, whether individually or collectively, for financial assets which are not individually significant. Notwithstanding the existence of a guarantee, the criteria used to determine probable credit risk on individual outstanding loans include the occurrence of one or more payments at least three months overdue (six months for real estate and property loans and nine months for municipal loans), or, even in the absence of missed payments, the existence of probable credit risk or litigation proceedings.

In the event there is no objective evidence of impairment for a financial asset, whether considered individually significant or not, the Group includes this financial asset in a group of financial assets presenting similar credit risk and collectively subjects them to an impairment test.

If a loan is deemed to incur a probable credit risk which makes it likely that the Group will be unable to recover all or part of the amount owed by the counterparty under the initial terms and conditions of the loan agreement, notwithstanding any loan guarantees, an impairment loss is booked for the loan in question, and deducted directly from the value of the asset.

The amount of the impairment loss is equal to the difference between the carrying value of the asset and the present value, discounted at the original effective interest rate, of the total estimated recoverable sum, taking into account the value of any guarantees. The impaired receivable subsequently generates interest income, calculated by applying the effective interest rate to the net carrying value of the receivable. Impairment allowances and reversals, losses on non recoverable loans and amounts recovered on impaired loans are booked under «Cost of risk».

An impairment loss against loans and advances calculated on a portfolio basis is also recognised on the balance sheet to cover credit risk that has not yet been individually identified. In portfolios of similar assets, as soon as a credit risk is incurred on a group of receivables, collective impairment loss is recognised without waiting for the risk to individually affect one or more receivables. The collective impairment losses cover, on the one hand, the credit risk incurred on a portfolio of counterparties which are sensitive or on the watch-list, and, on the other hand, sector risk exposure.

Performing loans under watch

Within the «Performing loan» risk category, the Group has created a subcategory called «Performing loans under watch» to cover loans/receivables requiring closer supervision. This category includes loans/receivables where certain evidence of deterioration has appeared since they were granted.

The Group conducts historical analyses to determine the rate of classification of these loans/receivables as doubtful and the impairment ratio, and updates these analyses on a regular basis. It then applies these figures to similar groups of receivables in order to determine the amount of impairment.

Impairment due to sector credit risk

The Group's Central Risk Division regularly identifies the business sectors that it believes represent a high probability of default in the short term due to recent events that may have caused lasting damage to the sector. A rate of classification as doubtful loans is then applied to the total outstanding in these sectors in order to determine the volume of doubtful loans. An impairment is then booked for the overall amount of these outstanding loans, using impairment ratios which are determined according to the historical average impairment rates of doubtful customers, adjusted to take into account an analysis of each sector by an independent expert on the basis of the economic climate.

Available-for-sale financial assets

Where there is objective evidence of lasting impairment to an available-for-sale financial asset, an impairment loss is booked to profit or loss. Where a non-permanent unrealised capital loss has been directly booked to shareholders' equity and subsequently objective evidence of lasting impairment emerges, the Group recognises the total accumulated unrealised loss, previously booked to equity, in profit or loss:

- under «Cost of risk» for debt instruments (fixed-income securities);
- under «Net gains or losses on available-for-sale financial assets» for equity instruments (equity securities).

The amount of the accumulated impairment loss is calculated as the difference between the acquisition cost of the security (net of any repayments of principal and amortisation) and its present fair value, less, if necessary, any impairment loss on the security previously booked through profit or loss.

For listed equity instruments, a significant or prolonged decline in share price to a value below the acquisition cost constitutes objective evidence of impairment. The Group believes this is particularly the case for listed equities which present, at the balance sheet date, unrealised losses exceeding 50% of their acquisition cost, as well as for listed equities posting unrealised losses for a continuous period of 24 months or more prior to the balance sheet date. Other factors, such as the issuer's financial position or its development prospects, may lead the Group to conclude that it may not recover its investment even if the above-mentioned criteria were not met. In such cases, an impairment loss is recognised on the income statement for the difference between the share's listed price at the balance sheet date and its acquisition cost.

For unlisted equity instruments, the impairment criteria used are the same as those described above.

Impairment losses recognised through profit or loss on equity instruments considered as available-for-sale are not reversed until the financial instrument is sold. Once an equity instrument has been impaired, any further loss of value is booked as an additional impairment loss. However, losses of value on debt instruments are reversed through profit or loss if the instruments subsequently appreciate in value.

The impairment criteria for debt instruments are similar to those applied for the impairment of financial assets measured at amortised cost.

Derivatives and hedging

IAS 39 requires recognition of all derivative financial instruments at fair value on the balance sheet together with recognition in profit or loss of changes in value, with the exception of financial derivatives classified as cash flow hedges for accounting purposes. Derivative instruments are booked at their trading date.

Derivative instruments are divided into two categories:

Derivative financial instruments held for trading

Derivative financial instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are booked in the balance sheet under «Financial assets or liabilities at fair value through profit or loss». Changes in fair value are booked on the income statement under the heading «Net gains or losses on financial instruments at fair value through profit or loss.»

Changes in fair value of derivative contracts entered into with counterparties which subsequently defaulted are booked under «Net gains or losses on financial instruments at fair value through profit or loss» until the date the instruments are cancelled and recognised on the balance sheet, for the fair value at the cancellation date of the receivable or debt vis-à-vis the counterparties in question. Any subsequent impairment on these receivables is recorded under «Cost of risk» on the income statement.

Derivative instruments in the «Trading» category include interest rate swaps, caps, floors and collars, interest rate options, futures contracts, Matif contracts and forex options.

Hedging derivatives

Under IFRS, hedge accounting is deemed to be an exceptional treatment and is therefore subject to very strict requirements.

As a result, as soon as the hedge is established, Crédit du Nord Group produces documentation indicating: the item hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure the effectiveness of the hedge.

The hedge must be highly effective, such that changes in the value of the derivative hedging instrument offset changes in the value of the hedged instrument. This effectiveness is measured when the hedge is first set up and throughout its life.

Depending on the type of risk hedged, the Group defines the derivative financial instrument as a fair value hedge, a macro fair value hedge, a cash flow hedge or a net investment hedge.

Fair Value Hedges

The main instruments used as fair value hedges are interest rate swaps.

In a fair value hedge, the hedging derivative is measured at fair value through profit or loss, as is the portion of the hedged item that is exposed to the hedged risk. As such, the gains or losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in profit or loss under «Net gains or losses on financial instruments at fair value through profit or loss - Derivative financial instruments».

For interest rate derivatives, accrued interest income or expenses on the hedging derivative are booked to profit or loss under the same line item, at the same time as the interest income or expense related to the hedged item.

The Group discontinues the hedge, on a forward-looking basis, if:

- the effectiveness criteria for the hedging instrument are no longer met;
- the financial derivative is sold or terminated early;
- the hedged item is sold before maturity.

As a result, with the exception of the last case in the above list, the balance sheet value of the hedged item is no longer adjusted to take into account changes in value, and cumulative gains or losses on the previously hedged item are amortised over the remaining life of the item.

Macro hedging

In this type of hedge, interest rate derivatives are used to hedge the Group's overall structural interest rate risk. Crédit du Nord Group has elected to use the carve-out provisions of IAS 39 as adopted by the European Union, which facilitates:

- the use of fair value hedge accounting for macro-hedges used in Asset & Liability Management, including customer demand deposits in the fixed-rate positions being hedged;
- the application of the effectiveness test required by IAS 39, adopted in the European Union.

The main instruments used for macro fair value hedges are rate swaps and cap purchases.

The accounting treatment of financial derivatives used for macro fair value hedges is similar to that of derivatives used in fair value hedges. Changes in the fair value of the macro-hedged portfolio are booked in the balance sheet under «Revaluation differences on hedged items» through profit or loss.

Cash flow hedge

Crédit du Nord Group has no financial instruments in its balance sheet classified as cash flow hedges or hedges of a net investment.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. While hybrid instruments are not measured at fair value through profit or loss, the Group does separate embedded derivatives from their host instrument where, on the initiation of the transaction, the economic characteristics and risks associated with the embedded derivatives are not closely linked to the characteristics and risks of the host instrument and where they meet the definition of a derivative financial instrument. Once separated, the derivative financial instrument is booked at fair value on the balance sheet under «Financial assets and liabilities at fair value through profit or loss» under the terms described above.

Foreign exchange transactions

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted into euros (Crédit du Nord Group's operating currency) at the prevailing spot rate. Realised or unrealised foreign exchange losses or gains are recognised in profit or loss.

Foreign exchange contracts are valued at the spot rate at the balance sheet date. Forward contracts are valued using the forward exchange rate for the remaining maturity, and changes in fair value are recorded on the income statement.

Provisions (IAS 37) - excluding provisions for employee benefits

Provisions, excluding those related to employee benefits and credit risks, represent liabilities, the timing or amount of which cannot be precisely determined. Provisions are booked where the Group has a commitment to a third party which makes it probable or certain that it will incur an outflow of resources to this third party without expecting at least an equivalent value in exchange from said third party.

The estimated amount of the expected outflow is then discounted to present value to determine the size of the provision, where this discounting has a significant impact. Allocations to and write-backs of provisions are booked through profit or loss under the items corresponding to the future expense.

At Crédit du Nord Group, provisions are made up of provisions for disputes and provisions for general risks.

Contingent liabilities, where they exist, are not recognised but are disclosed in the notes to the financial statements.

Commitments in respect of home savings accounts

Home savings accounts and plans are savings schemes for individual customers (in accordance with Law No. 65-554 of July 10, 1965), which combine an initial deposit phase in the form of an interest-earning savings account with a lending phase where the deposits are used to provide property loans. By regulation, this latter phase is subject to the previous existence of the savings phase and is therefore inseparable from it. The deposits collected and loans granted are booked at amortised cost.

These instruments generate two types of commitments for the Group: the obligation to subsequently lend to the customer at an interest rate established upon the signing of the agreement, and the obligation to pay interest on the customer's savings in the future at an interest rate set upon the signing of the agreement, for an indefinite period.

Commitments with future adverse effects for the Group are subject to provisions booked as balance-sheet liabilities, any changes in which are recorded on the interest margin line under «Net Banking Income». These provisions relate exclusively to commitments under home savings accounts and schemes existing at the date of the provision's calculation.

Provisions are calculated for each generation of home savings schemes, on the one hand, with no netting between the different generations of schemes, and for all home savings accounts taken together, which constitutes a single all-encompassing generation, on the other hand.

During the savings phase, provisions are calculated according to the difference between average expected outstanding savings and minimum expected outstanding savings, both of which are determined statistically based on historic observations of actual customer behaviour.

During the lending phase, provisions are calculated according to loans already issued but not yet due at the balance sheet date, as well as future loans considered as statistically probable on the basis of customer savings deposits on the balance sheet at the date of calculation and on historic observations of actual customer behaviour.

A provision is booked if the discounted value of expected future earnings for a given generation of home savings products is negative. These results are measured on the basis of interest rates available to individual customers for equivalent savings and loan instruments, with similar estimated life and date of inception.

Tangible and intangible assets (IAS 16, 36, 38, 40)

Operating and investment fixed assets are booked on the balance sheet at cost. Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment grants received are subtracted from the cost of the relevant assets.

Fixed assets purchased before December 31, 1976 are booked at their estimated value in use in accordance with the legal revaluation rules published in 1976,

As soon as they are fit for use as decided by the Group, fixed assets are depreciated over their useful life using the straight-line method.

Any residual value of the asset is deducted from its depreciable amount.

Where one or more components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life. The Group has applied this approach to its operating and investment property, breaking down its assets into at least the following components, with their corresponding depreciation periods:

Infrastructures	Major structures	50 yrs
	Doors and windows, roofing	20 yrs
	Façades	30 yrs
Plant facilities	Elevators	10 to 30 yrs
	Electrical installations	
	Electricity generators	
	Air conditioning, smoke extraction	
	Heating	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures & fittings	Finishings, dry wall, surroundings	10 yrs

These depreciation periods are listed as an indication only and may vary depending on the type of fixed asset.

Depreciation periods for other categories of fixed assets depend on their useful life, usually estimated in the following ranges:

Safety and advertising equipment	5 yrs
Transport	4 yrs
Furniture	10 yrs
IT and office equipment	3 to 5 yrs
Software, developed or acquired	3 to 5 yrs
Franchises, patents, licences, etc.	5 to 20 yrs

Business software purchased from third parties is capitalised and depreciated according to the straight-line method over a period of 3-5 years. Software developed in-house is capitalised and depreciated, in the same way as business software, if it stems from an IT project involving significant amounts which the Group expects to yield future benefits. Fixed costs correspond to the development phase and include the costs related to the detailed design, programming, testing of the software, and to the production of the technical documentation.

Fixed assets are subject to impairment tests whenever there is an indication that their value may have diminished. Evidence of impairment in value is assessed at the end of each annual period. Impairment tests are carried out by grouping assets by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement, which may be reversed if there is an improvement in the conditions that initially led to its recognition. The impairment loss reduces the depreciable amount of the asset and therefore also affects its future depreciation schedule.

The useful life and the residual value of fixed assets are reviewed annually. If this data needs to be changed, the depreciation schedule is modified accordingly.

Leases (IAS 17)

There are two categories of leases:

- finance leases, which transfer substantially all the risks and rewards incidental to ownership of an asset;
- operating leases, which are leases other than finance leases.

Finance lease receivables are recognised in the balance sheet under «Finance lease receivables» and represent the Group's net investment in the lease, calculated as the present value of the minimum lease payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Interest included in the lease payments is booked under income from other banking activities in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. In the event of a decline in unguaranteed residual value, used in calculating the lessor's gross investment in the lease financing contract, an expense is recorded to correct the amount of financial income already booked.

Fixed assets arising from operating lease activities are presented in the balance sheet under «Investment fixed assets» and are treated accordingly. Buildings are booked under «Real estate leasing». Income from rent is recognised in the income statement on a straight-line basis over the life of the lease under «Other banking income».

Loan commitments

Financing commitments which are not considered as financial derivative instruments are initially booked at their fair value. If necessary, provisions are recognised for these commitments in accordance with generally accepted accounting principles on «Provisions».

These financing commitments are subsequently provisioned, if necessary, in accordance with accounting principles relating to «Provisions - excluding provisions for employee benefits».

Financial guarantees given

The Group initially recognises financial guarantees given as financial instruments at their fair value; the guarantees are subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, where appropriate, amortisation of the guarantee commission. Where there is objective evidence of impairment, financial guarantees given are provisioned as balance sheet liabilities.

Distinction between debt and equity

The financial instruments issued by the Group are fully or partially qualified as debt or equity instruments based on whether or not the issuer has an obligation to deliver cash to securities holders.

Non-controlling interests

«Non-controlling interests» are equity interests in fully-consolidated subsidiaries that are not owned, either directly or indirectly, by the Group. They include equity instruments issued by these subsidiaries but not owned by the Group.

Interest income and expenses

Interest income and expenses are booked to the income statement for all financial instruments valued at amortised cost using the effective interest rate method.

The effective interest rate is taken to be the rate that discounts the future cash inflows and outflows over the expected life of the instrument to the book value of the financial asset or liability. To calculate future cash flows, the Group takes into account all the contractual provisions of the financial instrument without taking account of possible future loan losses. The calculation includes commission paid or received between the parties where these can be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or a group of similar financial assets has been impaired following a loss of value, subsequent interest income is booked through profit or loss using the same interest rate that was used to discount the future cash flows when measuring the loss of value.

Provisions that are booked as balance sheet liabilities, except for those related to employee benefits, generate interest expenses for accounting purposes. This expense is calculated using the same interest rate used to discount to present value the expected outflow of resources that gave rise to the provision.

Fee income (IAS 18)

Crédit du Nord Group books its fee income in the income statement according to the type of transaction for which the fees are charged.

Fees for one-off services are booked to income when the service is provided.

Fees for ongoing services are spread out over the duration of the service.

Fees that are part of the effective return of a financial instrument are accounted for as an adjustment to the effective return of the financial instrument.

Employee benefits (IAS 19)

In accordance with IAS 19 and IFRS 2, the Group recognises four categories of benefits:

Post-employment benefits

Commitments under statutory pension systems are covered by the contributions paid to independent pension funds which then manage all payments of retirement benefits.

Under IAS 19, these are defined contribution plans, which limit the company's liability to the subscription paid into the plan, and which do not commit the company to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

All commitments under defined benefit plans are valued using an actuarial method.

Defined benefit plans commit the Group, on a formal or implied basis, to pay a certain amount or level of future benefits and the Group therefore bears the medium-and long-term actuarial and financial risk.

Said plans cover several types of benefit obligations, notably residual complementary benefits afforded by specialist pension funds.

Since January 1, 1994, pursuant to an agreement signed by all French banks on September 13, 1993, the banking institutions of the Group, excluding Crédit du Nord, are no longer affiliated with specialist pension funds and are henceforth affiliated with the ARRCO AGIRC funds of the general system. This agreement gave rise to residual commitments with respect to current retirees and active employees (for periods of employment within the Group prior to December 31, 1993).

For Crédit du Nord, following the Branche agreement of February 25, 2005, which provided for the amendment of the provisions relating to complementary benefits, and in light of the negative balance of its pension fund, an internal agreement was signed in 2006 setting out the following provisions:

- for beneficiaries of complementary benefits still in the employ of Crédit du Nord, the value of the complementary benefits was transferred to a supplementary savings plan outsourced to an insurer;
- retirees and beneficiaries of a survivor's pension were given a choice of opting for a single lump-sum payment of their complementary benefits.

Any residual benefit liabilities are therefore linked to retirees and beneficiaries of a survivor's pension who did not opt for a single lump-sum payment of their complementary benefits, on the one hand, and to beneficiaries no longer employed with Crédit du Nord, on the other.

Employee benefits also include termination benefits, complementary retirement plans and post employment medical care. These commitments and the coverage thereof as well as the main underlying assumptions therein are outlined in Note 21 to the financial statements. Liabilities are measured by an independent actuary using the projected unit credit method, once a year, on the basis of data as at August 31.

Pre-retirement benefits consist exclusively of those benefits payable by Group companies between employees' effective retirement dates and the dates from which they are covered by their respective pension schemes. Such benefits are provisioned in full as soon as an employment agreement is signed.

«Actuarial gains and losses», determined on a plan by plan basis, include, on the one hand, the effects of differences between previous actuarial assumptions and what has actually occurred, and, on the other, the effects of changes in actuarial assumptions. In the specific case of post employment benefits, such actuarial gains and losses are only partially recognised in income where they exceed 10% of the greater between the present value of the obligation and the fair value of any plan assets (known as the Corridor Method). The proportion of said booked differences is equal to the surplus defined above divided by the average residual working lives of the beneficiaries. Any plan assets are measured at the market price at the balance sheet date and are deducted from recognised obligations.

The annual expense recognised as personnel expenses for defined benefit plans includes:

- additional entitlements vested by each employee (current service cost);
- the interest cost corresponding to the increase in the present value of a defined benefit obligation;
- the expected return on any plan assets (gross yield);
- the amortisation of actuarial gains and losses and past service cost;
- the effect of any plan curtailments or settlements.

Other long-term benefits

IAS 19 defines other long-term benefits as employee benefits which do not fall due wholly within the twelve months after the end of the period in which the employees render the related services.

In various Group companies, staff may benefit from time savings accounts and receive seniority bonuses. These obligations are measured using the same actuarial method described above and are provisioned in full (including any actuarial gains or losses). These plans do not have plan assets. These benefit obligations and the underlying assumptions therein are outlined in Note 21 to the financial statements. The estimation of benefit obligations is performed by an independent actuary once a year. For commitments excluding time savings accounts, the estimate of December 31 is based on data taken at August 31. For commitments excluding time savings accounts, the estimate of December 31 is based on data taken at this date.

Share-based payments

As the Group does not issue listed shares, its employees are entitled to the equity instruments of the majority shareholder.

Share-based payments include payments in equity instruments and in cash, whose amount depends on the performance of said equity instruments.

Under the employee shareholding plan, all the Group's current employees and retirees are entitled to participate in the parent company's capital increase reserved for employees.

During the period in which the employees subscribe for parent company shares, Crédit du Nord Group books, on a straight-line basis, a personnel expense equivalent to the difference between the fair value of the shares acquired and the subscription price paid by the employee.

The fair value of the acquired securities takes into account the cost of the associated legal obligatory holding period, estimated using interest rates available to beneficiaries in order to recreate a situation in which the shares are freely tradable estimate the free disposal ability.

The overall discount therefore takes into account the total number of shares subscribed for by employees, the difference between the acquisition price set by the Board of Directors and the share price on the day of the announcement of the subscription price, as well as the cost of the holding period as defined by financial market parameters.

This accounting treatment complies with the provisions of the CNC statement dated December 21, 2004, relating to company savings plans.

Société Générale Group's stock option plans offer certain employees of Crédit du Nord Group the option of purchasing or subscribing for Société Générale shares. With respect to IFRS 2, such stock option plans are considered as share-based payments.

If the Group has adequate statistics on the behaviour of option beneficiaries, Group stock option plans are valued by an independent actuary using a binomial model. If this data is not available, the Black-Scholes model is used. The options are valued on the date on which the employee is notified of the award, without waiting for the conditions that trigger the award to be met.

The cost of the plan, measured at the award date, is recognised as a personnel expense on a straight-line basis over the vesting period, which is the period between the award date and the date at which the options can first be exercised and recognised in shareholders' equity in line with IFRIC 11.

Cost of risk

The figure shown under «Cost of Risk» is limited to net reversals of impairment losses and provisions for credit risk, as well as losses on non-recoverable loans and amounts recovered on impaired loans.

Income taxes (IAS 12)

Income tax expense includes:

- current income tax for the financial year including dividend tax credits and tax credits used for tax settlement purposes. Tax credits are recorded under the same line item as the income to which they are related;
- deferred tax.

Current income tax

In France, standard corporate income tax is 33.33%. Since January 1, 2007, long-term capital gains on equity investments have been taxed at 15% for shares in companies whose main activity is real estate and tax-exempt for other equity investments (subject to a share for fees and expenses of 5% of net income on capital gains during the fiscal year). In addition, a social security contribution of 3.3% (after deduction from taxable income of EUR 0.763 million) was introduced in 2000. Moreover, under the regime of parent companies and subsidiaries, dividends received from companies in which the equity investment is at least 5% are tax-exempt (with the exception of a share for fees and expenses equivalent to 5% of the dividends paid).

Tax credit arising in respect of revenues from receivables and security portfolios, when they are effectively used for the settlement of corporate tax due for the fiscal year, are booked under the same line item as the revenues to which they relate. The relevant income tax expense is recognised under «Income Tax» in the income statement.

Deferred tax

Deferred taxes are recognised whenever there is a difference between the carrying amount of assets and liabilities in the balance sheet and their respective tax base, which will have an impact on future tax payments.

Deferred taxes are calculated based on a tax rate which has been voted or almost voted and should be in effect at the time when the temporary difference will reverse. These deferred taxes are adjusted whenever there is a change in the tax rate. No discount is applied to their calculation. Deferred tax assets may result from deductible temporary differences or deferrable tax losses. A deferred tax asset is recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Tax loss carry-forwards are subject to an annual review, taking into account the tax scheme applicable to each relevant entity and a realistic projection of their taxable income based on their business development outlook: deferred tax assets which had previously not been recognised are then recognised on the balance sheet if it becomes probable that the entity's future taxable profit makes recovery of said assets possible; however, the book value of deferred tax assets already appearing on the balance sheet is reduced where there is a risk of partial or total non-recovery.

Current and deferred tax is recognised as income or an expense and included in consolidated profit or loss for the period under «Income Tax», with the exception of deferred tax related to gains or losses recognised directly in equity, which is reported as «Unrealised or deferred gains and losses» for which the expense or income is recorded to the same line item in equity.

Since January 1, 2010, Crédit du Nord has been included in Société Générale's tax consolidation scope. Therefore, a tax consolidation sub-group has been set up between Crédit du Nord and some of subsidiaries in which it holds a direct or indirect ownership interest of at least 95%. The convention adopted is that of neutrality.

Insurance activity

General framework

Antarius, a mixed (life and non-life) insurance company, is the only consolidated insurance company and is jointly held with Aviva.

Capitalisation reserve

The capitalisation reserve of insurance companies consists of capital gains generated on the sale of obligations and is designed to offset subsequent capital losses. The capitalisation reserve is split between underwriting reserves and shareholders' equity according to projections of future capital losses and therefore of the use of reserves. As the recognition of part of the capitalisation reserve under shareholders' equity generates a taxable temporary difference, Credit du Nord Group records a deferred tax liability in its consolidated financial statements.

Financial assets and liabilities

The financial assets and liabilities of companies which are part of the subsidiary Antarius are booked and valued using the methods described above for the valuation of financial instruments.

Underwriting reserves of insurance companies

Underwriting reserves are insurance company commitments to insured parties and policy beneficiaries.

Under IFRS 4, Insurance Contracts, underwriting reserves for life and non-life insurance policies are still measured using the same methods as those required by local regulations. Embedded derivatives which are not measured in underwriting reserves are booked separately.

Under the «shadow accounting» principles defined in IFRS 4, an allocation to a provision for unrealised gains or losses is booked in respect of insurance policies that have a discretionary participation feature. This provision is calculated to reflect the potential entitlement of policyholders to unrealised capital gains on financial instruments measured at fair value or their potential liability for unrealised losses.

IFRS 4 also requires that a liability adequacy test be carried out to assess whether underwriting reserves are sufficient.

NOTE 2 Consolidation scope

	31/12/2011			31/12/2010		
	Consolidation method	Ownership interest	Controlling interest	Consolidation method	Ownership interest	Controlling interest
Crédit du Nord 28, place Rihour 59800 Lille	Full	consolidating company		Full	consolidating company	
Banque Rhône-Alpes 20-22, boulevard Edouard Rey 38000 Grenoble	Full	99.99	99.99	Full	99.99	99.99
Banque Tarneaud 2-6, rue Turgot 87000 Limoges	Full	80.00	80.00	Full	80.00	80.00
Banque Courtois 33, rue de Rémusat 31000 Toulouse	Full	100.00	100.00	Full	100.00	100.00
Banque Kolb 1-3, place du Général-de-Gaulle 88500 Mirecourt	Full	99.87	99.87	Full	99.87	99.87
Banque Laydernier 10, avenue du Rhône 74000 Annecy	Full	100.00	100.00	Full	100.00	100.00
Banque Nuger 5, place Michel-de-L'Hospital 63000 Clermont-Ferrand	Full	64.70	64.70	Full	64.70	64.70
Société Marseillaise de Crédit 75, rue Paradis 13006 Marseille	Full	100.00	100.00	Full	100.00	100.00
Norbail Immobilier 50, rue d'Anjou 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Star Lease 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Etoile ID 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Société de Bourse Gilbert Dupont 50, rue d'Anjou 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Norimmo 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Turgot Gestion (1) 2-6, rue Turgot 87000 Limoges	entity absorbed by Banque Tarneaud			Full	80.00	100.00
Etoile Gestion Holding 59, boulevard Haussmann 75008 Paris	Full	97.73	100.00	Full	97.73	100.00

(1) *Turgot Gestion was absorbed by Banque Tarneaud (transfer of the whole of its assets) in April 2011.*

	31/12/2011			31/12/2010		
	Consolidation method	Ownership interest	Controlling interest	Consolidation method	Ownership interest	Controlling interest
Anna Purna 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Nice Broc 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Nice Carros 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Kolb Investissement 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Nord Assurances Courtage 28, place Rihour 59800 Lille	Full	100.00	100.00	Full	100.00	100.00
Norbail Sofergie 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Sfag 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Partira 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Crédinord Cidize 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
SC Fort De Noyelles 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Banque Pouyanne 12, place d'armes 64300 Orthez	equity	35.00	35.00	equity	35.00	35.00
Antarius (2) 59, boulevard Haussmann 75008 Paris	proportionate	50.00	50.00	proportionate	50.00	50.00
Fct Blue Star Guaranteed Home Loans (3) 17, cours Valmy 92972 Paris La Défense	Full	100.00	100.00	-	-	-

(2) Including sub-consolidated insurance mutual funds.

(3) Blue Star Guaranteed Home Loans (a debt securitisation fund) was added to Crédit du Nord's consolidation scope in December 2011.

In addition, the following companies, in which the Group holds ownership interests ranging from 33.21% to 100%, were not included in the consolidation scope: Starvingt, Starvingt trois, Starvingt six, Starvingt huit, Amerasia 3, Amerasia 4, Snc Obbola, Snc Wav II, Immovalor service, Cofipro, Scem Expansion, Snc Hedin, Snc Legazpi, Snc Nordenskiöld and Snc Verthema.

NOTE 3 Risk management

This note describes the main risks incurred on the Group's banking activities, i.e.:

- **credit risks**: the risk of losses stemming from the inability of a counterparty to meet its financial commitments;
- **structural risks**: the risk of loss or residual impairment of balance sheet items arising from changes in interest rates or exchange rates;
- **liquidity risk**: the risk that the Group may not be able to meet its financial commitments when they mature;
- **market risks**: the risk of loss resulting from changes in market rates and prices, in correlations between these market rates and prices, and in their volatility.

Credit risks

The provision of loans makes a significant contribution to Crédit du Nord Group's business development and results. However, it also exposes the Group to credit and counterparty risk, i.e. to the risk of the partial or complete default of the borrower.

For this reason, all lending activities are monitored and controlled by a dedicated organisational structure, the Risk Division, which is independent from the sales function and coordinated by the Central Risk Division (DCR), and are subject to a body of rules and procedures governing the granting of loans, monitoring of risks, identification of downgrade risk and loan impairment.

Organisation

The Central Risk Division, which reports directly to the Chief Executive Officer of Crédit du Nord, contributes to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective.

To this end, it ensures that a consistent approach to risk assessment and monitoring is applied at the Group level.

- It helps define the Group's credit policy and oversees its implementation.
- It defines or validates methods and procedures for analysing, approving and monitoring risk.
- It contributes to the independent assessment of credit risk during the loan approval process by giving an opinion on the transactions put forward by the Sales function.
- It takes part in controlling and provisioning risks, and in the collection of non-disputed, non-performing loans.
- It identifies all Group risks.
- It monitors the consistency and adequacy of the risk management information system.

The Central Risk Division reports on its activities and general changes in the Group's risk exposure to the General Management at the **Monthly Risk Committee meeting**. This committee takes decisions on the main strategic issues: risk-taking policies, measurement methods, analyses of portfolios and cost of risk, detection of credit concentrations, etc.

Each region of Crédit du Nord parent company and each Crédit du Nord banking subsidiary has a Risk Department which reports to the Regional Manager or Subsidiary Chairman and is responsible for implementing the Group's credit policy and managing risk exposure within the region or subsidiary in question. The Risk Departments report functionally to the Central Risk Division.

Procedures and methods

Loan approval

The Group enforces a strict procedure for the provision of loans to counterparties:

- a preliminary examination is conducted of all applications for loans to ensure full information has been obtained before any risk is incurred;
- support for the decision-making process is provided via the establishment of counterparty and loan ratings, as well as approval scores based on these ratings for small, straightforward loans;
- analysis and decision-making within the sales units and risk units at the most appropriate level of authority in respect of the risk involved;

- decisions to grant loans must be formally set out in a dated and signed written or electronic document that specifies the limits of the commitment and the period of validity of the approval;
- the concept of the Group incorporated in risk assessment and an internal lead manager is designated for each Group identified, which is responsible for presenting a consolidated credit application.

The lending procedure also adheres to a number of Group credit policy core principles, which are designed to limit counterparty risk:

- loans are mainly provided for the financing of operations and clients in mainland France. However, loans may be provided to certain neighbouring or OECD member countries, under specific conditions;
- division and distribution of risk;
- counter-guarantees must be sought from specialised companies such as CREDIT LOGEMENT for residential property loans and OSEO for loans to professionals and businesses;
- wherever possible, loans provided to finance a business's operating cycle should be secured with customer receivables;
- investments in equipment and property by professional and business customers should preferably be funded through lease finance agreements;
- guarantees and collateral are systematically sought.

The Finance unit within the Risk Division of the Treasury and Foreign Exchange Department is responsible for **counterparty risk linked to market transactions**.

Counterparty limits for market transactions are attributed as follows:

- where the counterparty is a customer, the manager in charge of the account requests limits from the Regional and Subsidiary Risk Divisions. These limits allocated for the products are then fed into the monitoring systems;
- where the counterparty is a bank, the Treasury and Foreign Exchange Department opens an application for each counterparty, recording the details of credit line applications, by product and duration. The application is then submitted to the relevant Risk Division teams at Société Générale. The allocated limits are entered into the daily monitoring and reporting systems;
- for the sovereign loan book, an application is put together by the Treasury and Foreign Exchange Department and is submitted to the relevant Risk Division teams at Société Générale for approval and validation. The limits attributed for the products are subject to a monitoring report submitted to Société Générale's Risk Division.

Internal risk measurement systems

For several years, the Group has used internal quantitative models for measuring credit risk as a tool in the loan approval process. These models have gradually been expanded to include the main customer markets in which the Group operates.

Beginning in 2005, these internal rating models (some of which were based on Société Générale Group models) were amended to take account of new regulatory requirements. There are three pillars to the Group's internal rating system for the business customer market:

- internal rating models drawing on:
  - the counterparty rating (debtor's probability of default at one year);
  - the loan rating (loss given default);
- a body of procedures which covers banking principles and the rules for using the models (scope, frequency of rating revision, approval procedure, etc.);
- the human appraisal of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is invaluable in drawing up the final ratings.

The Rating Systems Governance unit, created in 2007, oversees the adequacy of ratings models and their rules of use, and monitors compliance with rating procedures.

Across all of its operating markets, the Group has gradually adapted its credit risk management, control and supervision policy and now includes ratings in its day-to-day operations.

Risk management and control

All employees of sales and risk functions are responsible for risk management within the Group. It is incumbent upon all employees to observe the limits and terms of loan decisions, show vigilance and respond quickly in detecting the deterioration of a counterparty's financial situation, and take the necessary measures to reduce the risk incurred by the Bank. Loan decisions are addressedin a monthly report.

The purpose of risk control is to continuously verify the quality of counterparty risks to which Crédit du Nord Group is exposed through its lending operations, and to make sure that its commitments are classified in the appropriate risk categories. This is an integral part of the processes defined by the Group's three-level control system (supervisory, permanent and periodic controls).

The Central Risk Division and the Corporate Secretariat have developed risk analysis tools with a view to optimising risk controls: these tools are updated on a regular basis, notably to adjust to regulatory changes.

Management of non-disputed non-performing loans is usually assigned to dedicated teams (out-of-court collection of individual customer loans, special affairs, etc.). Where doubtful (non-performing) loans become disputed, however, they are handed over to teams specialising in collections of disputed loans.

Provisions for impairment

A counterparty is deemed to be in default where any of the following takes place:

- significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the bank;
- one or more instalments have gone unpaid for at least 90 days and/or a collections procedure has been initiated (180 days for housing loans);
- a proceeding such as bankruptcy, compulsory liquidation or legal protection is in progress.

Once reclassified, doubtful loans are usually reviewed to determine the possibilities of recovering the Bank's funds. This analysis takes into account the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up. The collection flows thus determined are discounted to calculate the appropriate level of provisioning.

These provisions are subject to a quarterly review by the Central Risk Division to assess their appropriateness.

Crédit du Nord Group also books collective impairment losses for identified credit risks on similar groups of loans in its portfolio, without waiting for the impairment to individually affect identified counterparties. These impairment losses are also reviewed quarterly.

Exposure to credit risk

The chart below shows the exposure to credit risk of the Group's financial assets before the impact of unrecognised netting agreements and collateral (in particular cash, financial and non-financial assets received as guarantees and guarantees from legal entities).

(in EUR millions)	31/12/2011	31/12/2010
Assets at fair value through profit or loss (excluding equity securities)	126.1	141.4
Hedging derivatives	780.0	472.4
Available-for-sale financial assets (excluding equity securities)	6,160.2	5,751.3
Due from banks	8,098.5	4,410.4
Customer loans	31,768.3	28,636.3
Revaluation differences on portfolios hedged against interest rate risk	335.8	134.1
Lease financing and similar agreements	2,123.5	1,962.5
Held-to-maturity financial assets	37.5	46.1
Exposure of balance sheet commitments, net of impairment	**49,429.9**	**41,554.5**
Financial commitments given	4,153.8	4,473.4
Guarantee commitments given	11,905.0	7,799.3
Provisions for off-balance sheet commitments	-71.0	-42.5
Exposure of off-balance sheet commitments, net of impairment	**15,987.8**	**12,230.2**
TOTAL	**65,417.7**	**53,784.7**

Additional analysis of the loan book (IFRS 7)

This analysis covers concentration risk as well as unpaid or impaired loans.

Disclosures relating to risk concentration

Crédit du Nord Group's core business is Retail Banking in France, which naturally ensures diversification of risks. Concentration risks are monitored with respect to counterparties and economic sectors.

- **Counterparty concentration risk** is reviewed during the loan approval phase, during which the Group's commitments are systematically summarised: it is also subject to a special half-yearly review (along with sector concentration risk). At September 30, 2011, commitments linked to the top 10 counterparties accounted for 11.5% of outstandings for Crédit du Nord Group's business and professional customers (excluding lease finance and disputed loans). Of these counterparties, the top three were major construction companies with commitments primarily in the form of guarantees on very diversified markets (with low historical risks).
- **Sector concentration risk** is reviewed on a half-yearly basis (at March 31 and September 30). At September 30, 2011, a single sector accounted for over 10% of outstandings for the Group's business and professional customers: construction, with a relatively favourable positioning in terms of type of risk (see above). The No. 2 sector was wholesale trade (9.9%), comprised of highly differentiated outstandings.

Breakdown of loan outstandings

Gross outstandings *(in EUR millions)*	31/12/2011	31/12/2010
Performing loans, neither unpaid nor impaired	33,151.5	29,674.6
As a % of total gross outstandings	*93.8%*	*93.4%*
Unpaid but not impaired	140.7	173.5
As a % of total gross outstandings	*0.4%*	*0.5%*
Impaired	2,038.7	1,942.1
As a % of total gross outstandings	*5.8%*	*6.1%*
TOTAL GROSS OUTSTANDINGS	**35,330.9**	**31,790.2**

Given the varying improvement in the general economic environment over the year, the relative weight of impaired outstandings decreased slightly in 2011. At December 31, 2011, impaired outstandings accounted for 5.8% of total loans, vs. 6.1% at end-2010.

Non-impaired outstandings with past due amounts

(in EUR millions)	0-29 days	30-59 days	60-89 days	90-179 days	180 days - 1 year	> 1 year	TOTAL
Businesses and other non-retail customer loans	17,8	3,4	0,2	-	-	-	21,4
Very small company & property company loans	16,6	5,3	2,7	0,5	-	-	25,1
Mortgage lending	40,2	16,8	7,3	3,8	0,7	-	68,8
Other individual consumer loans	18,0	4,8	1,2	0,6	0,8	-	25,4
TOTAL	**92,6**	**30,3**	**11,4**	**4,9**	**1,5**	**-**	**140,7**

The amounts presented in the table above refer to the total amounts of loans (remaining principal, interest and unpaid portions) with past due amounts. These loans primarily relate to delinquencies of less than 90 days.

When payments are more than 90 days overdue (180 days for property loans), the loans are reclassified as «doubtful loans». A small number of customers may, on an exceptional basis, be kept in the performing loans category where they agree to rectify their payment status.

Non-impaired outstandings with past due amounts stood at EUR 140.7 million at the end of 2011, representing a decline on 2010 (-19% concentrated in the first half: -14%). This improvement primarily affected loans to business and individual customers. The total amount nevertheless remained low (0.4% of outstanding loans).

Impaired loans reclassified as performing loans after renegotiation

«Renegotiated» loans cover all customer groups. Renegotiated loans are loans that have been restructured (in terms of principal and/or interest rates and/or maturities) due to the probability that the counterparty will be unable to meet its commitments in the absence of such a restructuring.

This does not include commercial renegotiations freely entered into by the Bank in order to maintain the quality of its relations with a customer.

These loans are identified from automated data retrieval for small loans to individual customers, and from reporting forms for other loans. They correspond to loans restructured between October 1, 2010 and December 31, 2011, when they were in default, and for which their post-restructuring status qualified them for reclassification as performing loans during the period.

On these bases, the amount of loans restructured since October 1, 2010 was insignificant (less than EUR 1 million) at the end of 2011. The majority of the loans restructured over the period were still identified as being in default at December 31, 2011.

Crédit du Nord Group's banking practices require renegotiated loans to be maintained in the «impaired loans» category as long as the bank remains uncertain of the customers' ability to meet their future commitments (definition of default under Basel II).

Guarantees on impaired loans or loans with missed payments

Since 2008, Crédit du Nord's risk management systems have drawn data from an IT application used to manage guarantees received by the Bank. In 2011, after a number of data quality improvement projects were completed, guarantees covering disputed loans were incorporated from this database for recovery by our own applications.

Société Marseillaise de Crédit has not yet migrated to this tool.

The following method was used to calculate the rate of loans covered by guarantees: the amount of guarantees was capped at the amount of the loan guaranteed, on a loan by loan basis. As a result, certain guarantees were not included, such as guarantees on loans already backed by an intrinsic guarantee (e.g. those linked to the mobilisation of customer receivables).

- **Individual customers (natural persons and related property investment companies)**: housing loans (secured by mortgage or against a home loan guarantee) were considered as fully secured; for other medium-term loans to property investment partnerships, guarantees were noted at their carrying amount in the database. By default, all other loans were considered to be unsecured.
- **Other customers**: short-term loans were considered as unsecured, with the exception of receivable-backed loans, which were considered as fully secured.

Mortgages were deemed to be fully secured; for other medium-term loans, guarantees were maintained at their recorded value in the database.

Some guarantees were not counted because their real value, should the guarantees be called up, is difficult to estimate (particularly for pledges of unlisted securities, personal sureties except for those of major guarantors, etc.).

Guarantees on impaired outstandings at December 31, 2011

(in EUR millions - Figures excl. SMC)	Undisputed non-performing loans	Coverage rate	Disputed loans	Coverage rate
Businesses and other non-retail customer loans	238.3	53.7%	402.1	25.0%
Very small company & property company loans	222.2	64.3%	433.6	37.5%
Mortgage lending	143.3	100.0%	103.7	100.0%
Other individual consumer loans	97.0	-	201.9	-
TOTAL	**700.8**	**52.4%**	**1,141.3**	**32.1%**

The coverage rate remained stable for undisputed non-performing loans in 2011. It was lower for disputed loans (guaranteed oustandings often repaid more quickly, mainly by activating the associated guarantee), with the provisioning rate (70%) covering the portion not covered by the guarantee.

Guarantees on non-impaired outstandings at December 31, 2011

(en millions d'euros - Chiffres hors SMC)	Due amounts on loans	Coverage rate
Businesses and other non-retail customer loans	14.2	37.7%
Very small company & property company loans	23.6	75.8%
Mortgage lending	55.3	100.0%
Other individual consumer loans	21.2	-
TOTAL	**114.3**	**68.7%**

For business customers, the Risk Function validates procedures governing the periodic revaluation of guarantees, which is notably performed during annual loan reviews and systematically when a loan is reclassified as doubtful.

Structural interest rate and exchange rate risks

With regard to the Group's structural risk management, Crédit du Nord Group distinguishes between the management of structural balance sheet risks (Asset and Liability Management or ALM) and the management of risks related to trading activities.

- Structural interest rate and exchange rate risks are incurred on client-driven and propriety activities (transactions involving shareholders' equity and investments):
  - wherever possible, client-driven transactions are hedged against interest rate and exchange rate risks. This backing is provided through macrohedging (blanket hedging of portfolios of similar sales transactions) or through micro-hedging (individual hedging of each sales transaction);
  - interest rate risks on proprietary trading must also be hedged as far as possible. There is no exchange rate risk on these transactions at Crédit du Nord.

The general aim is to reduce positions exposed to interest rate and exchange rate risk as much as possible by regularly implementing appropriate hedges.

Consequently, structural interest rate and exchange rate risks are only incurred on residual positions.

- Management of interest rate and exchange rate risks associated with market activities is addressed in the section entitled, «Market risks linked to trading activities».

Organisation of the management of structural interest rate and exchange rate risks

The principles and standards for managing these risks are defined by the majority shareholder. However, each entity is primarily responsible for managing these risks.

Crédit du Nord Group therefore develops its own models, measures its risks and sets up hedges on an ad hoc basis, within the framework defined by these risk management standards.

The majority shareholder's ALM Department carries out a Level Two control on the risk management performed by the entities.

At Crédit du Nord, the ALM division, which reports directly to the Finance Division and comes under the authority of the Financial Management Division, is responsible for monitoring and analysing global, interest rate, liquidity and maturity mismatch risk.

All decisions concerning the management of any interest rate and/or liquidity mismatch positions generated by the Group's client-driven activities are made by the ALM Committee, which meets on a monthly basis under the chairmanship of the Chief Executive Officer. A member of the Finance Division from the majority shareholder also sits on this committee.

It should be noted that the ALM Committee delegates the management of short-term interest rate risk to the Treasury and Foreign Exchange Department. This department is responsible for approving hedging transactions with an initial maturity of less than one year, needed to limit short-term interest rate exposure.

The Weekly Cash Flow Committee monitors this exposure by examining the following indicators each week:

- the short-term fixed interest rate position. In absolute value terms, this position must remain under EUR 1,500 million;
- exposure to short rates incurred by all transactions, which is limited to EUR 3 million.

Structural interest rate risk

Structural interest rate risk arises from residual positions (surplus or deficit) in fixed-rate positions with future maturities. All assets and liabilities of Group banks, excluding those related to trading activities, are subject to an identical set of rules governing interest rate risk management.

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible, once the mismatch policy has been defined.

Consequently, Crédit du Nord Group follows a policy of systematically hedging structural interest rate risk and, where applicable, implements the hedges needed to reduce the exposure of Group entities to interest rate fluctuations.

To this end, the overall interest rate risk of Crédit du Nord Group is subject to sensitivity limits set by the majority shareholder's Finance Committee. Sensitivity is defined as the change in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve.

The observation of these limits is verified within the framework of regular reports to the majority shareholder. Crédit du Nord Group's overall limit is EUR 63.3 million (representing around 3.3% of shareholders' equity).

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyses all fixed-rate assets and liabilities with future maturities to identify gaps. These positions result from transactions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analysed independently without any a priori matching. Maturities on outstandings are determined on the basis of the contractual terms governing transactions (loans, etc.) or based on adopted conventions. These conventions are the result of models of customer behaviour patterns (special savings accounts, prepayment rates, etc.) as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and demand deposits).

In addition, stress tests consisting of an immediate parallel shift of +1% and -1% in the yield curve are also carried out.

The analysis of structural interest rate risks at Crédit du Nord revealed that:

- all on- and off-balance sheet transactions are match-funded according to their specific characteristics (maturity, interest rate, explicit or implicit options). A model developed by the ALM unit («national balance sheet» model) is used to monitor indicators of interest rate risk management, in particular a fixed-rate limit, as well as the risks associated with options appearing on the balance sheets of Group banks;
- options risk is also subject to regular monitoring and the implementation of appropriate hedges (purchases of caps or swaps);
- demand deposits and regulated savings products are subject to specific modelling to lock in medium- and long-term yields. The conservative nature of the models has enabled the Group's banks to maintain their interest margin.

Structural exchange rate risks

The overall foreign exchange position is kept within conservative limits and remains small relative to the bank's net shareholders' equity.

Hedging of interest rate and exchange rate risks

In order to manage its exposure to certain market risks, Crédit du Nord Group uses hedges designated as fair value hedges for accounting purposes.

It also manages the exposure of its fixed-rate financial assets and liabilities (mainly loans/borrowings, security issues and fixed-rate securities) to risks of fluctuations in long-term interest rates, by setting up hedges qualified as fair value hedges for accounting purposes, principally using interest rate swaps and caps.

In order for these transactions to qualify as hedges, the Group documents the hedging relationship in detail, from inception, specifying the risk hedged, the risk management strategy and the way in which the effectiveness of the relationship will be documented.

Tests are regularly carried out to ascertain the hedging relationship and measure its effectiveness. These tests are both forward-looking and retrospective.

The future effectiveness of the hedge is calculated using a sensitivity analysis that integrates probable scenarios for changes in market parameters.

Retrospective effectiveness is assessed by comparing the change in fair value of the hedging instrument with the changes in fair value of the hedged item. The hedge is deemed effective if changes in the fair value of the hedged item are almost fully offset by the changes in fair value of the hedging instrument, i.e. the ratio between the two changes is in the 80%-125% range (sliding quarter-on-quarter changes).

Effectiveness is measured on a forward-looking basis each quarter (expected effectiveness over future periods) and retrospectively (actual effectiveness). If the effectiveness falls outside this range, hedge accounting is stopped.

Liquidity risk

Organisation of liquidity risk management

The guidelines and standards for the management of liquidity risk are defined by the majority shareholder. As Crédit du Nord is nevertheless responsible for managing its liquidity and complying with regulatory restrictions, it develops its own models, measures its liquidity positions and finances its activities or reinvests surplus cash in accordance with the standards defined at the Group level.

The Crédit du Nord Group has participated in the Société Générale Group's liquidity project since it was launched in 2011. The project's objective is to implement a centralised liquidity monitoring application. As from 2012, this application will be used to prepare reports on the main liquidity factors, primarily for the purpose of generating the liquidity indicators defined by Basel III (LCR and NSFR).

Measurement and monitoring of liquidity risk

Crédit du Nord acts as the central refinancing unit of the Group's banks and financial subsidiaries. The monitoring of outstandings by subsidiary and regulatory ratios is carried out by the ALM unit. Short-term liquidity management is delegated to each subsidiary as part of its cash management activities and is subject to certain limits.

Until May 31, 2010, Crédit du Nord applied CRBF Regulation 88-01 as the basis for monitoring liquidity. Since the June 30, 2010 mid-year balance sheet date, Crédit du Nord has opted for the standard liquidity risk management method defined in CB Instruction 2009-05. Crédit du Nord's short-term liquidity ratio was 134% on average for 2011, a ratio higher than that required.

For balance sheet optimisation purposes, Crédit du Nord actively manages its pool of assets eligible for different refinancing mechanisms. To this end, Crédit du Nord enjoys the use of the Société Générale application which inventories all eligible assets in the interest of optimal allocation and secure management. Crédit du Nord has thus expanded its sources of funding through the use of vehicles enabling the mobilisation of receivables.

Mismatch risk

Changes in the structure of the balance sheet are carefully monitored and managed by the ALM unit in order to determine the refinancing requirements of the Group's entities.

The elimination of the ratio of capital and long-term funds (by the Order of June 28, 2007, repealing CRBF Regulation No. 86-17) removed the long-term funding requirement. Crédit du Nord Group nonetheless elected to continue calculating this indicator pending the upcoming deployment of an internal liquidity management application. In this way, Crédit du Nord participates in the liquidity programme undertaken by its majority shareholder, which will lead to the generation of special indicators such as the LCR (short term ratio < 1 month) and NSFR (medium-to-long-term ratio).

Measurement of the Group's long-term financing requirements is based on budget estimates and results of past transactions, making it possible to plan appropriate financing solutions.

Crédit du Nord Group has had no trouble securing its financing, mainly thanks to its substantial, diversified deposits, which account for a large portion of its short-, medium- and long-term resources.

A special quarterly report on maturity mismatch risk is submitted to the majority shareholder.

Market risks

All capital market activities carried out by Crédit du Nord Group are client-driven. In terms of both products and regions, Crédit du Nord Group only conducts transactions on its own behalf in business segments where it has significant customer interests. The primary purpose of its activities in this area is to maintain a regular presence on the financial markets in order to be able to offer its clients competitive prices.

As part of this fundamental strategy:

- Crédit du Nord does not hold any positions on derivatives markets and regularly matches customer orders through its majority shareholder, thereby significantly reducing its exposure to market and counterparty risks;
- with regard to other instruments, the trading limits imposed on the cash position in terms of geographic regions, authorised volumes and the duration of open positions are determined jointly with the Bank's majority shareholder and are kept at low levels given Crédit du Nord's consolidated equity.

Although primary responsibility for risk management naturally rests with the front office managers, responsibility for supervision lies with a special unit which is part of the Treasury and Foreign Exchange Department. Specifically, this unit carries out the following functions:

- permanent monitoring of positions and results, in collaboration with the front office;
- verification of the market criteria used to calculate risks and results;
- daily calculation of market risk, using a formal and secure procedure;
- daily limit monitoring for each activity.

Methods used to measure market risks

Market risk is assessed using three main indicators which are used to define exposure limits:

- **the 99% Value at Risk (VaR) method**, in accordance with the regulatory internal model, a composite indicator for day-to-day monitoring of market risks incurred by the bank, in particular in its trading activities;
- **stress-test measurements**, based on the 10-year shock-type indicator, are established by Société Générale and transmitted to Crédit du Nord so that it can incorporate them into its limit monitoring methods;
- **complementary limits** (sensitivity, nominal, holding periods, etc.) which ensure consistency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially detected by VaR or stress-test measurements to be controlled (as is the case for options).

Value-at-Risk method

This method was introduced at the end of 1996. It is constantly being improved with the addition of new risk factors and the extension of the scope covered. The new risk parameters and changes in the scope of the portfolios are incorporated by Société Générale into the TRAAB application, and Crédit du Nord then receives the new, updated versions. Société Générale then uses files sent back by Crédit du Nord in TRAAB format to calculate the VaR.

The method used is the «historical simulation» method. It is based on the following principles:

- the creation of a database containing historical information on the main risk factors which are representative of Société Générale Group's positions (interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). VaR is therefore calculated using a database of several thousand risk factors;
- the definition of 260 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period;
- the application of these 260 scenarios to the daily market parameters;
- the revaluation of daily positions, on the basis of the adjusted daily market conditions, and on the basis of a revaluation taking into account the non-linearity of positions.

The 99% Value at Risk is the largest loss that would be incurred after eliminating the top 1% of the most unfavourable occurrences: over one year, or 260 scenarios, it corresponds to the average of the second and third largest losses observed.

Since June 30, 1998, Crédit du Nord has used an application developed by Société Générale known as TRAAB (gross annual actuarial rate of return), used by the Treasury and Foreign Exchange Department, which incorporates the data required to calculate risk profiles on a daily basis. This information is also used by Société Générale for its own consolidated risk monitoring. The model is based on a historical data series of daily changes in interest rate or exchange rate instruments, which are applied to daily positions in order to measure risk with a 99% confidence interval and sensitivity to 10 basis points.

The chart below shows the change in the Group's 99% Value at Risk (VaR) over the course of 2011. The values indicated present the following characteristics:

- change in the portfolio over a 1-day holding period;
- a confidence interval of 99%;
- historical data considered for the last 260 days.

Trading Value-at-Risk: breakdown by risk factor

1 Day - 99 % / FY 2011

(in EUR thousands)	Forex	Treasury Currency	Securities and off-balance sheet interest rate	Netting effect	Overall
03/01/2011	**-118**	**-37**	**-96**	**99**	**-152**
Minimum	-351	-153	-255	N/A (1)	-374
Maximum	-84	-30	-56	N/A (1)	-143
Average	-213	-67	-99	129	-250
31/12/2011	**-306**	**-82**	**-250**	**284**	**-354**
LIMITS			**-1,000**		**-1,000**

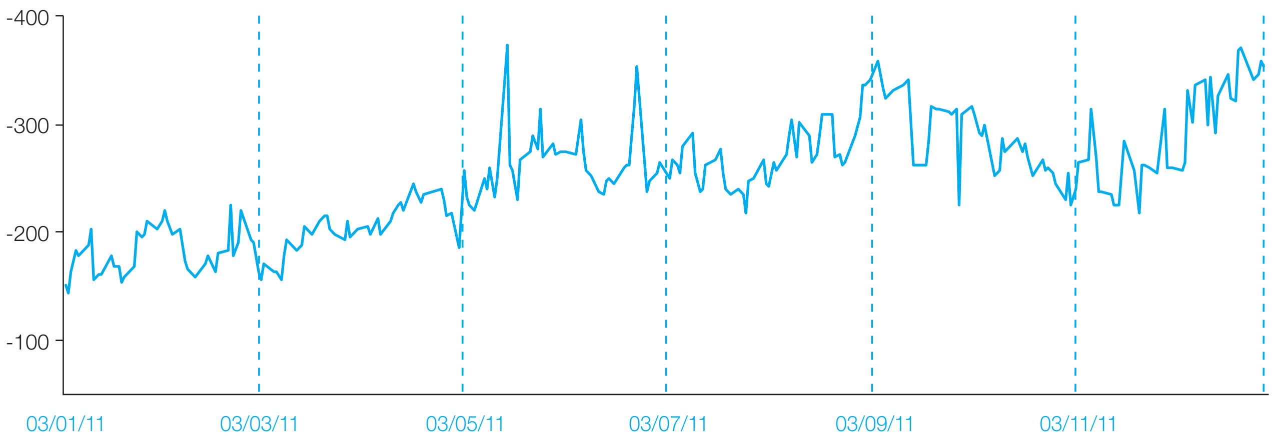
(1) *Immaterial netting effect: potential min/max losses do not occur simultaneously.*

A confidence interval of 99% means that over a one day period there is a 99% probability that a potential loss will not exceed the defined value.

Netting is defined as the difference between the total VaR and the sum of VaR per risk factor. Its size reflects the more or less high degree of offsetting between the different type of risks (interest rate, treasury exchange rate, securities and off-balance sheet rates) among one another.

Value at Risk (1 day - 99%)

(in EUR thousands)



Limits of the VaR calculation

The VaR assessment is based on a conventional model and assumptions. The main methodological limitations therein are as follows:

- the use of «1-day» shocks assumes that all positions can be unwound or hedged within one day, which is not the case for some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is calculated using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used instead of certain risk factors and, in the case of some activities, not all of the relevant risk factors are taken into account, which may be due to difficulties in obtaining daily data, and options held in the trading portfolio are not taken into account.

Crédit du Nord controls the limitations of the VaR model by:

- systematically assessing the appropriateness of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- supplementing the VaR system with stress test measurements. Note that, given today's dislocated markets, the historical 99% 1-day VaR is less appropriate than other risk indicators, such as stress tests.

Allocation of market risk limits and organisation of limit monitoring

Capital market exposure limits are allocated as follows: a proposal is drawn up internally and presented to the Executive Committee. If approved, it is transmitted to the Risk Control Division of Société Générale (the market risk monitoring team) for its opinion.

Once a final opinion has been received, the limits are sent by Société Générale to the Chairman's office and are then compiled and integrated into the daily monitoring and reporting system. The last notification occurred in April 2011.

A monitoring report is submitted daily to Société Générale, in which any breaches are reported.

The Finance Department is notified each week by the Treasury and Foreign Exchange Department via a results and limits monitoring report, and monthly via a report covering changes in risks and results. The CEO and CFO also receive a quarterly report on changes in risk from the Treasury and Foreign Exchange Department.

NOTE 4 Cash, due from central banks

(in EUR millions)	31/12/2011	31/12/2010
Cash	174.2	183.6
Due from central banks	1,813.7	747.1
Related receivables	1.4	1.2
TOTAL	**1,989.3**	**931.9**
Fair value	1,989.3	931.9

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

Financial assets at fair value through profit or loss

(in EUR millions)	31/12/2011				31/12/2010			
	Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total	Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total
ASSETS								
TRADING PORTFOLIO								
Treasury notes and similar securities	-	-	-	-	-	-	-	-
Bonds and other debt securities	5.9	-	-	5.9	12.1	-	-	12.1
Shares and other equity securities	15.5	-	-	15.5	56.8	-	-	56.8
Other financial assets	-	-	-	-	-	-	-	-
SUB-TOTAL ASSETS HELD FOR TRADING	**21.4**	**-**	**-**	**21.4**	**68.9**	**-**	**-**	**68.9**
FINANCIAL ASSETS MEASURED UNDER THE FAIR VALUE OPTION RECOGNISED IN PROFIT OR LOSS								
Treasury notes and similar securities	-	-	-	-	-	-	-	-
Bonds and other debt securities	-	120.2	-	120.2	-	129.3	-	129.3
Shares and other equity securities[1]	0.1	1,007.7	-	1,007.8	3.1	1,159.2	-	1,162.3
Other financial assets	-	-	-	-	-	-	-	-
SUB-TOTAL FINANCIAL ASSETS MEASURED UNDER THE FAIR VALUE OPTION RECOGNISED IN PROFIT OR LOSS	**0.1**	**1,127.9**	**-**	**1,128.0**	**3.1**	**1,288.5**	**-**	**1,291.6**
SUB-TOTAL SEPARATE ASSETS RELATING TO EMPLOYEE BENEFITS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TRADING DERIVATIVES								
Interest rate instruments	**-**	**97.7**	**-**	**97.7**	**-**	**36.8**	**-**	**36.8**
Firm transactions	-	86.9	-	86.9	-	28.8	-	28.8
Swaps	-	*86.9*	-	*86.9*	-	*28.8*	-	*28.8*
FRAs	-	-	-	-	-	-	-	-
Options	-	10.8	-	10.8	-	8.0	-	8.0
Options on organised markets	-	-	-	-	-	-	-	-
OTC options	-	-	-	-	-	-	-	-
Caps, floors, collars	-	*10.8*	-	*10.8*	-	*8.0*	-	*8.0*
Foreign exchange instruments	**-**	**90.3**	**-**	**90.3**	**-**	**65.6**	**-**	**65.6**
Firm transactions	-	79.8	-	79.8	-	62.2	-	62.2
Options	-	10.5	-	10.5	-	3.4	-	3.4
Equity and index instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other forward financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Instruments on organised markets	-	-	-	-	-	-	-	-
OTC instruments	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING DERIVATIVES	**-**	**188.0**	**-**	**188.0**	**-**	**102.4**	**-**	**102.4**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS[1]	**21.5**	**1,315.9**	**-**	**1,337.4**	**72.0**	**1,390.9**	**-**	**1,462.9**

(1) Including UCITS.

Financial liabilities at fair value through profit or loss

(in EUR millions)	31/12/2011 Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total	31/12/2010 Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total
LIABILITIES								
TRADING PORTFOLIO								
Debt securities	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-
Bonds and other debt securities sold short	-	-	-	-	-	-	-	-
Shares and other equity securities sold short	0.1	-	-	0.1	1.9	-	-	1.9
Other financial liabilities	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING PORTFOLIO	**0.1**	**-**	**-**	**0.1**	**1.9**	**-**	**-**	**1.9**
TRADING DERIVATIVES								
Interest rate instruments	**-**	**113.0**	**-**	**113.0**	**-**	**59.2**	**-**	**59.2**
Firm transactions	-	108.1	-	108.1	-	53.0	-	53.0
Swaps	-	*108.1*	-	*108.1*	-	*53.0*	-	*53.0*
FRAs	-	-	-	-	-	-	-	-
Options	-	4.9	-	4.9	-	6.2	-	6.2
Options on organised markets	-	-	-	-	-	-	-	-
OTC options	-	-	-	-	-	-	-	-
Caps, floors, collars	-	*4.9*	-	*4.9*	-	*6.2*	-	*6.2*
Foreign exchange instruments	**-**	**91.9**	**-**	**91.9**	**-**	**61.8**	**-**	**61.8**
Firm transactions	-	81.2	-	81.2	-	58.3	-	58.3
Options	-	10.7	-	10.7	-	3.5	-	3.5
Equity and index instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other forward financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Instruments on organised markets	-	-	-	-	-	-	-	-
OTC instruments	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING DERIVATIVES	**-**	**204.9**	**-**	**204.9**	**-**	**121.0**	**-**	**121.0**
SUB-TOTAL FINANCIAL LIABILITIES MEASURED UNDER THE FAIR VALUE OPTION RECOGNISED IN PROFIT OR LOSS	**-**	**1,173.3**	**-**	**1,173.3**	**-**	**855.9**	**-**	**855.9**
TOTAL - FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.1**	**1,378.2**	**-**	**1,378.3**	**1.9**	**976.9**	**-**	**978.8**

(in EUR millions)	31/12/2011 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	31/12/2010 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (2)	**1,173.3**	**1,199.5**	**-26.2**	**855.9**	**887.3**	**-31.4**

(2) The change in fair value attributable to own credit risk generated income of EUR 12.1 million at December 31, 2011.
Revaluation differences linked to the Group's issuer credit risk are measured using models incorporating the Group's most recent actual refinancing terms and conditions on the markets and the residual maturity of the relevant liabilities.

NOTE 6 Hedging derivatives

	31/12/2011		31/12/2010	
(in EUR millions)	Assets	Liabilities	Assets	Liabilities
Fair value hedge [(1)]	**780.0**	**385.1**	**472.4**	**471.5**
Interest rate instruments				
Firm transactions	770.5	385.1	441.6	471.5
Swaps	*770.5*	*385.1*	*441.6*	*471.5*
Options	9.5	-	30.8	-
Caps, floors, collars	*9.5*	-	*30.8*	-
Cash flow hedge	**-**	**-**	**-**	**-**
TOTAL	**780.0**	**385.1**	**472.4**	**471.5**

(1) *Including Macro Fair Value Hedge derivatives.*

NOTE 7 Available-for-sale financial assets

(in EUR millions)	31/12/2011 Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total	31/12/2010 Valuation determined using prices quoted on active markets (N1)	Valuation determined using observable data other than quoted market prices (N2)	Valuation determined mainly using non-observable market data (N3)	Total
CURRENT ASSETS								
Treasury notes and similar securities	1,484.7	-	-	1,484.7	1,430.8	-	-	1,430.8
o/w related receivables				*11.3*				*6.1*
o/w write-downs				*-*				*-*
Bonds and other debt securities	1,950.6	2,724.9	-	4,675.5 (2)	1,649.9	2,670.6	-	4,320.5
o/w related receivables				*59.5*				*45.2*
o/w write-downs				*-14.3*				*-20.4*
Shares and other equity instruments (1)	0.9	49.9	4.7	55.5	51.2	74.1	4.1	129.4
o/w related receivables				*-*				*-*
o/w write-downs				*-3.5*				*-3.7*
SUB-TOTAL	3,436.2	2,774.8	4.7	6,215.7	3,131.9	2,744.7	4.1	5,880.7
Long-term investment securities	-	-	452.6	452.6	1.1	-	465.0	466.1
o/w related receivables				*0.1*				*-*
o/w write-downs				*-4.6*				*-4.3*
SUB-TOTAL	-	-	452.6	452.6	1.1	-	465.0	466.1
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS (1)	**3,436.2**	**2,774.8**	**457.3**	**6,668.3**	**3,133.0**	**2,744.7**	**469.1**	**6,346.8**
o/w loaned securities	-	-	-	-	-	-	-	-

(1) Including UCITS.

(2) o/w EUR 292,500 in callable securities valued at their call date or expiry date depending on the probability of exercise. All of the call dates for this amount take place in 2012.

Activity in available-for-sale financial assets

(in EUR millions)	2011	2010
Balance at January 1, 2011	**6,346.8**	**5,698.1**
Acquisitions	3,027.0	3,401.4
Disposals/redemptions/mergers	-2,628.3	-2,903.1
Reclassifications and changes in scope	0.2 (3)	79.2 (4)
Gains and losses on changes in fair value booked to equity	-102.1(5)	74.6
Change in write-downs on fixed-income securities booked to profit or loss	6.1	-7.3
Change in impairment of equity instruments booked to profit or loss	-0.2	1.4
Change in related receivables	19.6	2.7
Foreign exchange differences	-0.8	-0.2
BALANCE AT DECEMBER 31 2011	**6,668.3**	**6,346.8**

(3) The amount reported as «reclassifications and changes in scope» can be attributed to the conversion of convertible bonds into shares, previously measured at fair value through profit or loss.

(4) The amount reported as «reclassifications and changes in scope» is exclusively attributable to the acquisition of Société Marseillaise de Crédit.

(5) The difference compared to «Revaluation of available-for-sale assets» stems mainly from EUR 23.3 million recorded under «insurance - net allowances for deferred profit-sharing».

Change in the inventory of available-for-sale assets for which valuation is not based on market parameters

(in EUR millions)	Treasury notes and similar securities	Bonds and other debt securities	Shares and other equity securities	Long-term investment securities	Total
Balance at January 1, 2011	**-**	**-**	**4.1**	**465.0**	**469.1**
Acquisitions	-	-	-	6.7	6.7
Disposals/redemptions	-	-	-	-2.5	-2.5
Transfers to Level 2					-
Transfers from Level 2					-
Gains and losses for the period booked to equity	-	-	0.6	-16.2	-15.6
Change in write-downs on fixed-income securities booked to profit or loss					-
o/w: increase					-
write-back					-
others					-
Impairment losses on equity instruments booked to profit or loss	-	-	-	-0.6	-0.6
Change in related receivables					-
Foreign exchange differences					-
Changes in scope and others	-	-	-	0.2	0.2
BALANCE AT DECEMBER 31, 2011	**-**	**-**	**4.7**	**452.6**	**457.3**

NOTE 8 Due from banks

(in EUR millions)	31/12/2011	31/12/2010
Current accounts	1,881.3	1,505.8
Overnight deposits and loans and others	699.6	2,203.4
Loans secured by overnight notes	-	-
Related receivables	3.4	1.6
TOTAL - DEMAND AND OVERNIGHTS	**2,584.3**	**3,710.8**
Term deposits and loans	5,416.6	611.8
Loans secured by notes and securities	-	-
Securities received under term repurchase agreements	-	-
Subordinated loans and participating securities	88.2	85.4
Related receivables	9.9	2.9
TOTAL - TERM RECEIVABLES	**5,514.7**	**700.1**
TOTAL GROSS	**8,099.0**	**4,410.9**
PROVISIONS FOR IMPAIRMENT	**-0.5**	**-0.5**
TOTAL NET	**8,098.5**	**4,410.4**
Fair value of amounts due from banks	8,098.5	4,410.4

Note that at December 31, 2011, EUR 6,056.2 million of the total amount due from banks represented transactions with Société Générale Group (EUR 2,175.6 million at December 31, 2010).

NOTE 9 Customer loans

(in EUR millions)	31/12/2011	31/12/2010
Trade notes	873.9	715.7
Related receivables	0.9	0.8
TOTAL - TRADE NOTES	**874.8**	**716.5**
Other customer loans		
Short-term loans	2,178.4	2,142.0
Export loans	65.9	52.6
Equipment loans	6,592.6	6,121.4
Housing loans	17,123.3	14,901.2
Other loans	3,952.8	3,806.6
Related receivables	61.2	60.0
TOTAL - CUSTOMER LOANS	**29,974.2**	**27,083.8**
Overdrafts	1,965.2	1,840.4
Related receivables	25.5	23.4
TOTAL - OVERDRAFTS	**1,990.7**	**1,863.8**
TOTAL GROSS	**32,839.7**	**29,664.1**
Write-downs on individually impaired loans	-1,005.5	-980.9
Write-downs on groups of homogeneous assets	-65.9	-46.9
WRITE-DOWNS	**-1,071.4**	**-1,027.8**
NET AMOUNT	**31,768.3**	**28,636.3**
Securities received under resale agreements (including related receivables	-	-
TOTAL - CUSTOMER LOANS	**31,768.3**	**28,636.3**
Fair value of customer loans	31,715.6	29,263.9

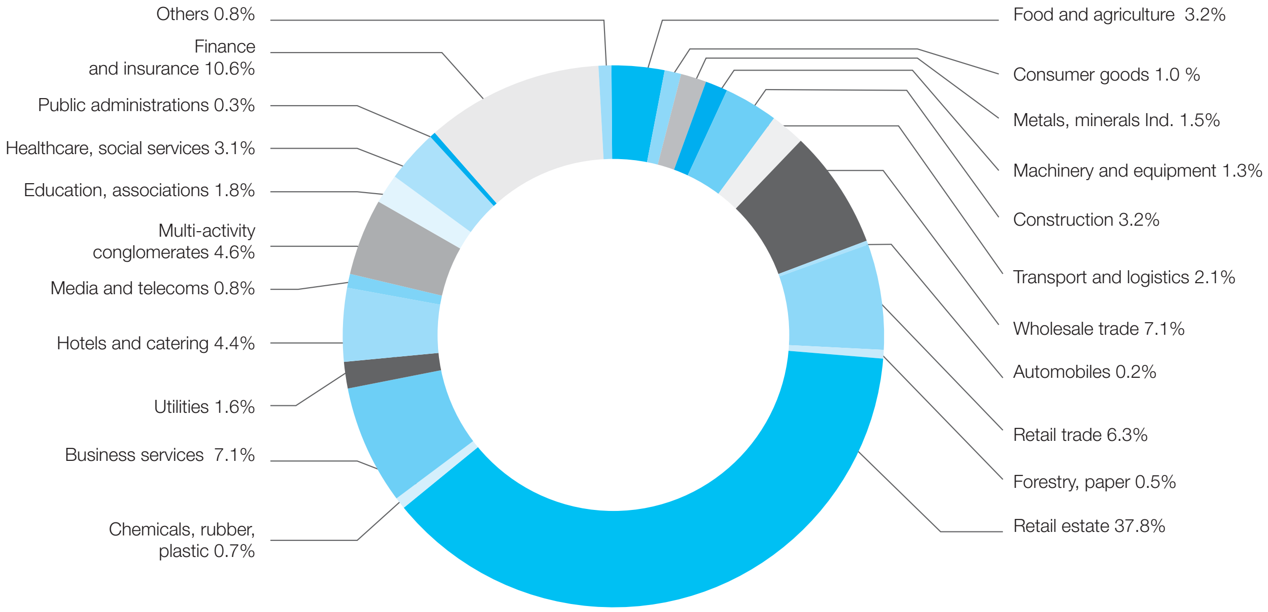
The provisioning rate for doubtful customer loans (excluding SMC), net of guarantees received on doubtful and disputed outstandings and excluding write-downs on groups of homogeneous assets, was 83.4% at December 31, 2011.

Breakdown of other customer loans

(in EUR millions)	31/12/2011	31/12/2010
Non-financial customers	29,910.5	27,021.2
Business customers	12,896.2	11,779.7
Individual customers	15,792.9	14,056.3
Local authorities	17.3	11.7
Professional customers	1,010.5	984.0
Governments and central administrations	53.2	50.4
Others	140.4	139.1
Financial customers	2.5	2.6
TOTAL - BREAKDOWN OF OTHER CUSTOMER LOANS	**29,913.0**	**27,023.8**
Related receivables	61.2	60.0
TOTAL - CUSTOMER LOANS	**29,974.2**	**27,083.8**

Breakdown of performing customer loans and receivables (including related receivables)

Trade receivables and other performing customer loans held on «Individuals» totalled EUR 15,663.2 million (50.6% of performing outstandings). Performing outstandings excluding Individual customers (49.4% of total) can be broken down as follows:



NOTE 10 Lease financing and similar agreements

(in EUR millions)	31/12/2011	31/12/2010
Non-real estate lease financing agreements	1,590.0	1,464.0
Real estate lease financing agreements	565.1	528.2
Related receivables	0.5	0.3
SUB-TOTAL	**2,155.6**	**1,992.5**
Write-downs of individually impaired loans	-31.8	-29.5
Write-downs on lease financing assets	-0.3	-0.5
SUB-TOTAL	**-32.1**	**-30.0**
NET AMOUNT	**2,123.5**	**1,962.5**
Fair value of receivables on lease financing and related receivables	2,124.0	1,990.7

Star Lease's operations can be broken down as follows: 56% industrial equipment, 38% transport equipment, 4% IT hardware and 2% office equipment.

Breakdown of lease financing outstandings (excluding doubtful outstandings)

(in EUR millions)	31/12/2011	31/12/2010
Gross investment	**2,274.0**	**2,104.9**
Less than one year	694.6	646.2
1- 5 years	1,289.6	1,184.1
More than five years	289.8	274.6
Present value of minimum payments receivable	**2,075.2**	**1,916.6**
Less than one year	671.3	623.3
1- 5 years	1,147.5	1,048.3
More than five years	256.4	245.0
Unearned financial income	**118.7**	**113.0**
Non-guaranteed residual values receivable by the lessor	**80.1**	**75.3**

NOTE 11 Held-to-maturity financial assets

(in EUR millions)	31/12/2011	31/12/2010
Treasury notes and similar securities	**-**	**-**
Listed	-	-
Unlisted	-	-
Related receivables	-	-
Bonds and other debt securities	**37.5**	**46.1**
Listed	33.4	42.2
Unlisted	6.0	5.8
Related receivables	0.1	0.1
Write-downs	-2.0	-2.0
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**37.5**	**46.1**
Fair value of held-to-maturity financial assets	37.6	45.3

NOTE 12 Tax assets and liabilities

(in EUR millions)	31/12/2011	31/12/2010
Current tax liabilities	152.8	161.7
Deferred tax assets	235.7	145.0
- on balance sheet items	233.9	145.0
- on items credited or charged to shareholders' equity for unrealised gains and losses	1.8	-
TOTAL TAX ASSETS	**388.5**	**306.7**
Current tax liabilities	209.4	206.4
Deferred tax liabilities	511.0	403.2
- on balance sheet items	531.1	404.5
- on items credited or charged to shareholders' equity for unrealised gains and losses	-20.1	-1.3
TOTAL TAX LIABILITIES	**720.4**	**609.6**

Total deferred taxes on shareholders' equity pertain to unrealised gains/losses on available-for-sale securities and on deferred profit-sharing for the insurance business.

NOTE 13 Other assets and liabilities

(in EUR millions)	31/12/2011	31/12/2010
OTHER ASSETS		
Securities transactions	1.1	1.8
Guarantee deposits paid [(1)]	30.0	28.5
Other sundry receivables	95.7	128.6
Prepaid expenses and deferred income	115.2	105.5
Write-downs	-0.6	-0.4
Other insurance assets	263.6	257.1
TOTAL OTHER ASSETS	**505.0**	**521.1**
OTHER LIABILITIES		
Accounts payable after collection	178.0	220.3
Securities transactions	88.7	108.6
Guarantee deposits received [(2)]	49.3	53.9
Expenses payable on employee benefits	157.5	143.6
Other sundry payables	297.7	334.8
Accrued expenses and deferred income	332.4	238.4
Other insurance liabilities	6.1	5.6
TOTAL OTHER LIABILITIES	**1,109.7**	**1,105.2**

(1) Primarily security deposits paid on financial instruments.
(2) Primarily security deposits received on financial instruments.

NOTE 14 Fixed assets

(in EUR millions)	Gross value at 31/12/2009	Inflows	Outflows	Change in scope and reclassifications
Intangible assets				
Software created	224.9	28.0	-	-0.6
Software purchased	87.2	1.0	-	0.6
Other intangible assets	28.4	1.8	-	90.3 [(1)]
SUB-TOTAL INTANGIBLE ASSETS	**340.5**	**30.8**	**-**	**90.3**
Operating tangible assets				
Land and buildings	285.9	5.8	-0.2	9.9
IT hardware	138.3	4.5	-1.9	-
Other tangible assets	472.7	37.8	-2.1	-21.4
Real estate leasing	13.4	-	-11.7	-
Equipment leasing	-	-	-	-
SUB-TOTAL OPERATING TANGIBLE ASSETS	**910.3**	**48.1**	**-15.9**	**-11.5**
Investment property				
Land and buildings	19.2	0.4	-0.1	1.0
Fixed assets in progress	-	-	-	-
SUB-TOTAL INVESTMENT PROPERTY	**19.2**	**0.4**	**-0.1**	**1.0**
TOTAL TANGIBLE AND INTANGIBLE ASSETS	**1,270.0**	**79.3**	**-16.0**	**79.8**

(1) The finalisation of the acquisition price of Société Marseillaise de Crédit led to the recognition of the brand (EUR 35.6 million) and the intangible core deposit (EUR 56.1 million) under «Other intangible assets».

The intangible core deposit is amortised on a non-straight line basis over 5 years.

	Gross value at 31/12/2011	Accumulated amortisation and depreciation at 31/12/2010	Amortisation and depreciation for the year			Net value at 31/12/2011	Net value at 31/12/2010
			Allowances	Reversals	Change in scope and redesignations		
	252.3	-140.0	-25.3	-	0.6	87.6	84.9
	88.8	-77.9	-5.0	-	0.1	6.0	9.3
	120.5	-0.1	-6.5	-	-	113.9	28.3
	461.6	**-218.0**	**-36.8**	**-**	**0.7**	**207.5**	**122.5**
	301.4	-65.9	-9.6	0.1	0.1	226.1	220.0
	140.9	-116.9	-10.3	1.6	1.8	17.1	21.4
	487.0	-321.4	-31.5	1.1	11.9	147.1	151.3
	1.7	-6.6	-0.3	5.3	-	0.1	6.8
	-	-	-	-	-	-	-
	931.0	**-510.8**	**-51.7**	**8.1**	**13.8**	**390.4**	**399.5**
	20.5	-8.8	-0.8	0.1	-	11.0	10.4
	-	-	-	-	-	-	-
	20.5	**-8.8**	**-0.8**	**0.1**	**-**	**11.0**	**10.4**
	1,413.1	**-737.6**	**-89.3**	**8.2**	**14.5**	**608.9**	**532.4**

NOTE 15 Goodwill

(in EUR millions)	
Gross value at 31/12/2010	564.7
Acquisitions and other increases	-
Disposals and other decreases	-56.7
GROSS VALUE AT 31/12/2011	**508.0**
Impairment of goodwill at 31/12/2010	-
Impairment losses	-
IMPAIRMENT OF GOODWILL AT 31/12/2011	**-**
Net value at 31/12/2010	564.7
NET VALUE AT 31/12/2011	**508.0**

Main sources of net goodwill at December 31, 2011

(in EUR millions)	
Banque Courtois	10.2
Banque Laydernier	12.8
Banque Kolb	22.3
Banque Tarneaud	3.3
Société Marseillaise de Crédit	454.2 (1)
Fortis branches	5.2
NET VALUE AT 31/12/2011	**508.0**

(1) The final goodwill recognised in the Group's consolidated financial statements in respect of Société Marseillaise de Crédit is presented below:

(in EUR millions)	
Acquisition price	872.0
Fair value of net assets acquired	417.8
GOODWILL	**454.2**

At the acquisition date, the assets and liabilities of Société Marseillaise de Crédit were recognised at fair value:

ASSETS

(in EUR millions)	21/09/2010
Due from banks	581.3
Customer loans	2,612.5
Other financial assets	445.3
Fixed assets	200.1
Others	70.9
TOTAL ASSETS	**3,910.1**

LIABILITIES

(in EUR millions)	21/09/2010
Due to banks	12.3
Accounts receivable - Customers	3,279.6
Others	200.4
Shareholders' equity	417.8
TOTAL LIABILITIES	**3 910.1**

NOTE 16 Write-downs and provisions

Write-downs

(in EUR millions)	Note	Asset write-downs at 31/12/2010	Allocations	Write-backs avalaible	Write-backs used	Others	Asset write-downs at 31/12/2011
Banks	8	0.5	-	-	-	-	0.5
Loans to customers	9	980.9	326.8	-196.5	-104.4	-1.3	1,005.5
Provisions for homogeneous receivables	9	46.9	19.0	-	-	-	65.9
Lease financing and similar agreements	10	29.4	28.3	-21.1	-4.8	-	31.8
Available-for-sale assets (1)	7	28.4	1.0	-	-6.5	-0.5	22.4
Held-to-maturity assets	11	2.0	-	-	-	-	2.0
Fixed assets	14	1.3	-	-	-0.1	0.6	1.8
Others		0.4	0.3	-0.1	-	-	0.6
TOTAL WRITE-DOWNS		**1,089.8**	**375.4**	**-217.7**	**-115.8**	**-1.2**	**1,130.5**

(1) O/w net provisions impacting counterparty risk: EUR 6.1 million.

Provisions

(in EUR millions)	Provisions at 31/12/2010	Allocations	Write-backs available	Write-backs used	Effect of discounting	Others	Provisions at 31/12/2011
Provisions for post-employment benefits	51.0	9.6	-0.3	-12.1	-	5.1	53.3
Provisions for long-term benefits	36.4	8.2	-1.4	-5.5	-	-0.1	37.6
Provisions for severance pay	5.8	4.9	-1.2	-1.5	-	0.1	8.1
Provisions for other employee benefits	-	-	-	-	-	-	-
Provisions for property risks(2)	0.4	-	-0.1	-	-	-	0.3
Provisions for disputes(3)	14.3	6.2	-2.7	-0.8	0.1	-	17.1
Provisions for off-balance sheet commitments with credit institutions	-	-	-	-	-	-	-
Provisions for off-balance sheet commitments with customers	42.5	50.6	-22.1	-	-	-	71.0
Tax provisions	9.5	4.1	-0.5	-5.9	-	-	7.2
Other provisions(3)	29.2	1.1	-3.9 (4)	-1.8	-	0.2	24.8 (5)
TOTAL PROVISIONS	**189.1**	**84.7**	**-32.2**	**-27.6**	**0.1**	**5.3**	**219.4**

(2) Provisions for property risks covering termination losses relative to investments in property programmes.
(3) O/w net provisions relative to the net cost of risk: EUR 3.3 million.
(4) O/w net home savings provision: EUR 3.7 million.
(5) Home savings provisions totalled EUR 15.8 million at December 31, 2011 (see Note 20).

NOTE 17 Due to banks

(in EUR millions)	31/12/2011	31/12/2010
Current accounts	282.4	219.8
Overnight deposits and borrowings	216.3	863.3
Borrowings secured by overnight notes	-	-
Securities loaned under overnight repurchase agreements	-	-
Related payables	0.1	0.2
TOTAL DEMAND DEPOSITS	**498.8**	**1,083.3**
Term deposits and borrowings	6,021.5	2,268.6
Borrowings secured by notes and securities	-	-
Securities sold under term repurchase agreements	-	-
Related payables	9.6	11.2
TOTAL TERM DEPOSITS	**6,031.1**	**2,279.8**
Revaluation of hedged items	77.6	54.9
TOTAL	**6,607.5**	**3,418.0**
Fair value of payables due to banks	6,599.8	3,418.7

Note that at December 31, 2011, EUR 4,541.7 million of the total amount due to banks represented transactions with Société Générale Group (EUR 2,182.9 million at December 31, 2010).

NOTE 18 Customer deposits

(in EUR millions)	31/12/2011	31/12/2010
Demand regulated savings accounts	7,681.3	6,946.7
Term regulated savings accounts	1,938.7	1,949.8
Demand and overnight accounts	14,570.6	13,883.7
Companies and individual entrepreneurs	*8,625.9*	*8,219.9*
Individual customers	*5,212.3*	*5,090.7*
Financial customers	*16.7*	*13.7*
Others (1)	*715.7*	*559.4*
Term accounts	2,550.0	1,079.1
Companies and individual entrepreneurs	*2,309.8*	*919.1*
Individual customers	*144.0*	*90.8*
Financial customers	*6.0*	*4.3*
Others (2)	*90.2*	*65.0*
Borrowings secured by notes and securities	-	-
Securities sold under overnight repurchase agreements	190.9	188.0
Securities sold under term repurchase agreements	657.4	156.2
Related payables	124.3	75.8
Guarantee deposits	3.5	2.8
TOTAL	**27,716.7**	**24,282.1**
Fair value of customer deposits	27,716.6	24,282.0

(1) O/w EUR 74.7 million associated with governments and central administrations
(2) O/w EUR 18.0 million associated with governments and central administrations

NOTE 19 Securitised debt repayables

(in EUR millions)	31/12/2011	31/12/2010
Savings certificates	12.5	16.5
Money market and negotiable debt securities	7,189.6	8,044.6
Bonds	1,504.9	150.0
Related payables	42.0	30.3
SUB-TOTAL	**8,749.0**	**8,241.4**
Revaluation of hedged items	-	0.1
TOTAL	**8,749.0**	**8,241.5**
Fair value of debt securities	8,811.7	8,280.6

NOTE 20 PEL/CEL home savings accounts

A. Outstanding deposits in PEL/CEL accounts

(in EUR millions)	31/12/2011	31/12/2010
PEL accounts		
Less than 4 years old	628.3	329.5
Between 4 and 10 years old	575.8	697.9
More than 10 years old	428.3	571.2
SUB-TOTAL	**1,632.4**	**1,598.6**
CEL accounts	**302.4**	**301.2**
TOTAL	**1,934.8**	**1,899.8**

B. Outstanding housing loans granted in respect of PEL/CEL accounts

(in EUR millions)	31/12/2011	31/12/2010
Less than 4 years old	31.0	38.8
Between 4 and 10 years old	9.2	10.9
More than 10 years old	3.0	3.3
TOTAL	**43.2**	**53.0**

C. Provisions for commitments linked to PEL/CEL accounts [1]

(in EUR millions)	31/12/2011	31/12/2010
PEL accounts		
Less than 4 years old	-	-
Between 4 and 10 years old	4.0	6.4
More than 10 years old	10.6	11.7
SUB-TOTAL	**14.6**	**18.1**
CEL accounts	**-**	**-**
Drawn-down loans	**1.2**	**1.4**
TOTAL	**15.8**	**19.5**

(1) These provisions are booked as «Provisions for general risk and commitments» (see Note 16).

D. Methods used to establish the parameters for valuing provisions

The parameters used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over periods of 10 to 15 years. The value of these parameters can be adjusted if any changes are subsequently made to regulations with the potential to undermine the reliability of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these factors for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from zero coupon swaps vs. the Euribor yield curve at the date of valuation, averaged over a 12-month period.

NOTE 21 Employee benefits

A. Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

The main defined contribution plans provided to employees of the Group are based in France. They include State pension plans and national retirement plans such as ARRCO and AGIRC, pension schemes for which the only commitment is to pay annual contributions (PERCO) and multi-employer plans.

Expenses relating to these plans totalled EUR 63.3 million at December 31, 2011 vs. EUR 58.1 million at December 31, 2010.

B. Post-employment defined benefit plans and other long-term benefits.

B1. Reconciliation of assets and liabilities reported on the balance sheet

	31/12/2011				31/12/2010			
	Post-employment benefits		Other		Post-employment benefits		Other	
(in EUR millions)	Pension plans	Others	long-term benefits	Total plans	Pension plans	Others	long-term benefits	Total plans
Breakdown of provisions recorded in the balance sheet	30.9	22.5	37.6	91.0	33.9	17.1	36.4	87.4
Breakdown of assets recorded in the balance sheet	-	-	-	-	-	-	-	-
Net provision	**30.9**	**22.5**	**37.6**	**91.0**	**33.9**	**17.1**	**36.4**	**87.4**
BREAKDOWN OF DEFICIT IN THE PLAN								
Present value of defined benefit obligations	106.2	-	-	106.2	124.4	-	-	124.4
Fair value of plan assets	-77.2	-	-	-77.2	-84.3	-	-	-84.3
Actuarial deficit (A)	**29.0**	**-**	**-**	**29.0**	**40.1**	**-**	**-**	**40.1**
Present value of unfunded obligations (B)	**33.2**	**20.3**	**37.6**	**91.1**	**19.4**	**17.2**	**36.4**	**73.0**
Unrecognised items								
Unrecognised past service cost	9.0	-	-	9.0	1.3	-	-	1.3
Unrecognised net actuarial gain/loss	22.3	-2.2	-	20.1	24.3	0.1	-	24.4
Separate assets	-	-	-	-	-	-	-	-
Plan assets impacted by the change in asset ceiling	-	-	-	-	-	-	-	-
Total unrecognised items (C)	**31.3**	**-2.2**	**-**	**29.1**	**25.6**	**0.1**	**-**	**25.7**
NET PROVISION (A + B - C)	**30.9**	**22.5**	**37.6**	**91.0**	**33.9**	**17.1**	**36.4**	**87.4**

Notes :

1 - For defined-service pension schemes, in accordance with IAS 19, Crédit du Nord Group uses the projected credit unit method to calculate employee benefits, and amortises actuarial gains and losses which exceed 10% of the greater between the defined benefit obligations or funding assets on the estimated average remaining working life of the employees participating in the plan (corridor method). The Group uses the straight-line method over the residual working lives of employee beneficiaries to recognise past service cost resulting from an amendment of the plan.

2 - Post-employment retirement plans include plans offering pre- and post-retirement benefits in the form of annuities and termination benefits. Pension benefit annuities are paid additionally to State pension plans.
Other post-employment benefit plans are insurance schemes covering accidental death at 3 institutions located in France. They also include an estimate of the obligation related to the Société Marseillaise de Crédit complementary health insurance plan.
Other long-term employee benefits include deferred bonuses, flexible working provisions (compte épargne temps) and long-service awards.

3- The present value of defined benefit obligations has been determined by independent qualified actuaries.

4- Information regarding plan assets:

- only end-of-career payments and additional complementary retirement plans are partially covered by assets managed by an external company.
- the fair value of plan assets is comprised of 18.6% bonds, 61.1% equities and 20.3% money market funds.

5- In general, the expected rates of return on plan assets are based on a weighted average of expected returns on each category of assets at fair value.

6- Benefits payable under post-employment plans in 2012 are estimated at EUR 14.3 million.

The actual rate of return on benefit plan and separate assets was:

(as a % of the item measured)	31/12/2011	31/12/2010
Plan assets	-6.1	15.0
Separate assets	-	-

(in EUR millions)	31/12/2011	31/12/2010
Plan assets	-5.2	10.2
Separate assets	-	-

B2. Plan actuarial costs

	31/12/2011				31/12/2010			
	Post-employment benefits				Post-employment benefits			
(in EUR millions)	Pension plans	Others	Other long-term benefits	Total plans	Pension plans	Others	Other long-term benefits	Total plans
Current service cost for the year, including social security contributions	5.7	0.4	4.2	10.3	4.8	0.3	4.3	9.4
Employee contributions	-	-	-	-	-	-	-	-
Interest cost	5.1	0.9	1.3	7.3	5.4	0.9	1.4	7.7
Expected return on plan assets	-5.2	-	-	-5.2	-4.4	-	-	-4.4
Expected return on separate assets	-	-	-	-	-	-	-	-
Amortisation of past service cost	0.8	-	1.2	2.0	0.1	-	-	0.1
Amortisation of gains/losses	1.8	-	0.1	1.9	0.9	-	3.5	4.4
Changes in consolidation scope and other adjustments for the period	-	-	-	-	-0.2	-	-2.1	-2.3
Plan settlement	-	-	-	-	-	-	-	-
TOTAL NET EXPENSES RECOGNISED ON THE INCOME STATEMENT	**8.2**	**1.3**	**6.8**	**16.3**	**6.6**	**1.2**	**7.1**	**14.9**

B3. Changes in net liabilities of post-employment plans recognised on the balance sheet

B3a. Changes in the present value of defined benefit obligations

	2011			2010		
(in EUR millions)	Pension plans	Other plans	Total post-employment	Pension plans	Others	Total post-employment
VALUE AT JANUARY 1	**143.8**	**17.2**	**161.0**	**124.6**	**16.4**	**141.0**
Service cost (including social security contributions)	5.7	0.4	6.1	4.8	0.3	5.1
Interest cost	5.1	0.9	6.0	5.4	0.9	6.3
Employee contributions	-	-	-	-	-	-
Actuarial gains and losses generated over the period	-10.5	-2.3	-12.8	10.0	0.3	10.3
Foreign currency exchange adjustment	-	-	-	-	-	-
Benefit payments	-13.1	-1.2	-14.3	-17.9	-0.7	-18.6
Cost of past services generated during the period	8.4	-	8.4	0.4	-	0.4
Acquisition of subsidiaries	-	-	-	16.6	-	16.6
Transfers and other	-	5.3	5.3	-0.1	-	-0.1
VALUE AT DECEMBER 31	**139.4**	**20.3**	**159.7**	**143.8**	**17.2**	**161.0**

B3b. Changes in fair value of plan assets and separate assets

	2011			2010		
(in EUR millions)	Pension plans	Other plans	Total post-employment	Pension plans	Others	Total post-employment
VALUE AT JANUARY 1	**84.3**	**-**	**84.3**	**68.2**	**-**	**68.2**
Expected return on plan assets	5.2	-	5.2	4.4	-	4.4
Expected return on separate assets	-	-	-	-	-	-
Actuarial gains and losses generated over the period	-10.4	-	-10.4	5.8	-	5.8
Foreign currency exchange adjustment	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-
Employer contributions	0.3	-	0.3	5.2	-	5.2
Benefit payments	-2.2	-	-2.2	-6.1	-	-6.1
Acquisition of subsidiaries	-	-	-	7.0	-	7.0
Transfers and other	-	-	-	-0.2	-	-0.2
VALUE AT DECEMBER 31	**77.2**	**-**	**77.2**	**84.3**	**-**	**84.3**

B4. Main assumptions for post-employment plans

	2011	2010
Expected return on assets (separate and plan assets)	6.6%	6.6%
Future salary increase (including inflation)	3.5%	3.5%

The expected rate of return on assets (separate and plan assets) has been 6.6% since 2005. The range in the expected rate of return on assets is due to the composition of the assets.

The discount rate used depends on the term of each plan (2.9% at 3 years / 3.5% at 5 years / 4.6% at 10 years / 5.0% at 15 years and 5.1% at 20 years).

The average remaining lifetime is established individually by benefit for each Group entity and is calculated taking into account turnover assumptions.

Inflation depends on the term of each plan (1.9% at 3 years / 1.9% at 5 years / 1.9% at 6 or more years).

B5. Sensitivity analysis of post-employment defined benefit obligations compared to main assumption ranges

	2011		2010	
(as a % of item measured)	Pension plans	Other plans	Pension plans	Others
Variation of +1% in discount rate				
Impact on present value of defined benefit obligations at December 31	-6.9%	-13.0%	-7.2%	-14.2%
Impact on total expenses	-10.6%	-24.1%	-12.3%	-25.3%
Variation of +1% in expected return on assets (plan assets and separate assets)				
Impact on plan assets at December 31	1.0%	-	1.0%	-
Impact on total expenses	-21.4%	-	-28.4%	-
Variation of +1% in future salary increases, net of inflation				
Impact on present value of defined benefit obligations at December 31	7.9%	17.1%	8.1%	18.7%
Impact on total expenses	14.2%	35.4%	16.3%	37.4%

B6. Experience adjustments on post-employment defined benefit obligations

(in EUR millions)	31/12/2011	31/12/2010
Present value of defined benefit obligations	139.4	143.8
Fair value of plan assets	77.2	84.3
Deficit / (negative: surplus)	**62.2**	**59.5**
Experience adjustments on plan liabilities	-0.4	-0.6 (1)
Experience adjustments on plan assets	-10.4	5.8

(1) Amount modified compared to the amount published at December 31, 2010.

NOTE 22 Subordinated debt

(in EUR millions)	31/12/2011	31/12/2010
Equity investments	-	-
Redeemable subordinated notes	631.0	441.0
Undated subordinated notes	-	-
Interest payable	6.4	5.8
Revaluation of hedged items	32.9	27.5
TOTAL	**670.3**	**474.3**
Fair value of subordinated debt	625.8	443.0

Schedule of redeemable subordinated notes

	2012	2013	2014	2015	2016	Others	Outstanding at 31/12/2011	Outstanding at 31/12/2010
Subordinated debt	-	-	-	100.0	115.0	416.0	631.0	441.0

NOTE 23 Insurance activities

Underwriting reserves of insurance companies

(in EUR millions)	31/12/2011	31/12/2010
Underwriting reserves for unit-linked life insurance policies	914.9	1,061.4
Life insurance underwriting reserves	3,515.8	3,116.0
Non-life insurance underwriting reserves	3.1	2.5
TOTAL	**4,433.8**	**4,179.9**
Provision for participation in unrealised gains [(1)]	48.7	72.0
Underwriters' share	-244.9	-238.2
Underwriting reserves (including participation in unrealised gains), net of underwriters' share	**4,237.6**	**4,013.7**

(1) O/w a provision of EUR 48.8 million for participation in unrealised gains and losses carried as liabilities on assets measured at fair value through equity at December 31, 2011 (compared to EUR 72.1 million at December 31, 2010) and a provision of EUR 0.1 million for unrealised gains and losses carried as assets on assets measured at fair value through profit or loss at December 31, 2011 (versus EUR 0.1 million at December 31, 2010).

Statement of changes in underwriting reserves of insurance companies

(in EUR millions)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
RESERVES AT JANUARY 1, 2011	**1,061.4**	**3,116.0**	**2.5**
Allocations to insurance reserves	-110.0	438.2	0.6
Revaluation of unit-linked life policies	-89.4	-	-
Charges deducted from unit-linked policies	9.8	-	-
Transfers and arbitrage	43.1	-42.5	-
New customers	-	-	-
Participation in unrealised gains or losses	-	4.1	-
Others	-	-	-
RESERVES AT DECEMBER 31, 2011 (EXCLUDING PARTICIPATION IN UNREALISED GAINS AND LOSSES)	**914.9**	**3,515.8**	**3.1**

In line with IFRS and Group principles, the Liability Adequacy Test (LAT) was carried out at December 31, 2011. The purpose of this test is to determine whether recognised insurance liabilities are adequate, using current estimates of future cash flows generated by insurance policies.It is carried out based on consistent stochastic models using a Market Consistent Embedded Value approach.

Net investments by insurance companies (2)

(in EUR millions)	31/12/2011	31/12/2010
Financial assets at fair value through profit or loss		
Debt instruments	119.2	126.3
Treasury notes and similar securities	*-*	*-*
Bonds and other debt securities	*119.2*	*126.3*
Equity instruments	1,007.8	1,162.3
Due from banks	**-**	**-**
Available-for-sale financial assets		
Debt instruments	3,417.5	3,062.4
Treasury notes and similar securities	*464.2*	*285.5*
Bonds and other debt securities	*2,953.3*	*2,776.9*
Equity instruments	42.0	50.0
Held-to-maturity financial assets	**-**	**-**
Investment property	**-**	**-**
TOTAL	**4,586.5**	**4,401.0**

(2) *This table presents net insurance company investments before elimination of intra-group transactions.*

Underwriting income from insurance companies

(in EUR millions)	2011	2010
Earned premiums	705.8	630.1
Cost of benefits (including changes in reserves)	-588.6	-641.7
Net income from investments	-54.9	67.2
Other net underwriting income/expense	-31.8	-28.8
CONTRIBUTION TO OPERATING INCOME BEFORE ELIMINATION OF INTRA-GROUP TRANSACTIONS	**30.5**	**26.8**
Elimination of intra-group transactions	-1.5	-1.5
CONTRIBUTION TO OPERATING INCOME AFTER ELIMINATION OF INTRA-GROUP TRANSACTIONS	**29.0**	**25.3**

Net fee income(3)

(in EUR millions)	2011	2010
Fees received		
Acquisition fees	14.3	13.7
Management fees	40.4	37.6
Others	-	0.2
Fees paid		
Acquisition fees	-12.9	-11.4
Management fees	-12.9	-11.8
Others	-2.2	-2.0
TOTAL	**26.7**	**26.3**

(3) This table presents income from fees before the elimination of intra-group transactions.

NOTE 24 Gains and losses booked directly to equity

(in EUR millions)	31/12/2011	Period	31/12/2010
Change in gains and losses booked directly to equity			
Translation difference	-	-	-
Revaluation difference over the period			
Recycled to the income statement			
Revaluation of available-for-sale assets [1]	-1.9	-78.4	76.5
Revaluation difference for the period		-81.6	
Recycled to the income statement		3.2	
Revaluation of hedging derivatives	-	-	-
Revaluation difference for the period			
Recycled to the income statement			
Amounts transferred in the value of the hedged item			
Share of unrealised or deferred gains or losses on companies accounted for by the equity method	-	-	-
Taxes	22.0	20.7	1.3
TOTAL	**20.1**	**-57.7**	**77.8**
Non-controlling interests	1.0	-0.4	1.4
GROUP SHARE	**19.1**	**-57.3**	**76.4**

	31/12/2011			31/12/2010		
(in EUR millions)	Gross	Tax	Net of tax	Gross	Tax	Net of tax
Translation differences	-	-	-	-	-	-
Revaluation of available-for-sale assets	-1.9	22.0	20.1	76.5	1.3	77.8
Revaluation of hedging derivatives	-	-	-	-	-	-
Share of unrealised or deferred gains or losses on companies accounted for by the equity method	-	-	-	-	-	-
Total gains and losses booked directly to equity	**-1.9**	**22.0**	**20.1**	**76.5**	**1.3**	**77.8**
Non-controlling interests	1.0	-	1.0	1.4	-	1.4
GROUP SHARE	**-2.9**	**22.0**	**19.1**	**75.1**	**1.3**	**76.4**

(1) Breakdown of revaluation differences on available-for-sale assets: :

(in EUR millions)	Unrealised capital gains	Unrealised capital losses	Net revaluation
Unrealised gains and losses on available-for-sale financial assets	73.0	-	73.0
Unrealised gains and losses on available-for-sale debt instruments	3.7	-73.2	-69.5
Unrealised gains and losses on assets reclassified as Loans and Receivables	-	-	-
Unrealised insurance company gains and losses	111.1	-116.5	-5.4
o/w on available-for-sale financial assets	*0.1*	*-3.3*	*-3.2*
o/w on available-for-sale debt instruments and assets reclassified as Loans and Receivables	*111.0*	*-64.4*	*46.6*
o/w deferred profit-sharing	*-*	*-48.8*	*-48.8*
TOTAL	**187.8**	**-189.7**	**-1.9**

NOTE 25 Assets and liabilities by period remaining to expiration

Contractual maturities of financial liabilities [(1)]

At 31/12/2011 *(in EUR millions)*	Less than 3 months	3 months - 1 year	1-5 years	> 5 years	Undated	Total
Due to central banks	-	-	-	-	-	-
Financial liabilities measured at fairvalue through profit or loss, excluding derivatives	321.3	10.9	915.5	130.6	-	1,378.3
Due to banks	1,382.8	517.7	4,140.2	566.8	-	6,607.5
Customer deposits	8,544.6	2,008.5	7,103.2	9,865.7	194.7	27,716.7
Debt securities	3,338.1	3,596.4	1,191.1	623.4	-	8,749.0
Subordinated debt	39.3	-	215.0	416.0	-	670.3
TOTAL LIABILITIES	**13,626.1**	**6,133.5**	**13,565.0**	**11,602.5**	**194.7**	**45,121.8**
Loan commitments given	226.5	1,591.5	1,458.5	481.9	395.4	4,153.8
Guarantee commitments given	320.4	377.9	704.5	1,265.6	649.0	3,317.4
TOTAL COMMITMENTS GIVEN	**546.9**	**1,969.4**	**2,163.0**	**1,747.5**	**1,044.4**	**7,471.2**

(1) *The amounts indicated are the contractual amounts excluding estimated interest.*

Underwriting reserves of insurance companies [(2)]

Au 31/12/2011 *(in EUR millions)*	Less than 3 months	3 months - 1 year	1-5 years	> 5 years	Undated	Total
Underwriting reserves of insurance companies	49.2	-	-	4,433.4	-	4,482.6

(2) *Maturities of book amounts.*

Notional maturities of comnancial derivatives [3]

At 31/12/2011 *(in EUR millions)*	0 - 1 year		1-5 years		More than 5 years		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate instruments								
Firm transactions								
Swaps	*9 214,1*	*9 213,6*	*16 458,9*	*16 458,9*	*9 915,1*	*9 915,4*	*35 588,1*	*35 587,9*
FRAs	-	-	-	-	-	-	-	-
Options								
Caps, floors, collars	*963,0*	*122,9*	*2 374,2*	*777,1*	*58,6*	*54,2*	*3 395,8*	*954,2*
Foreign exchange instruments								
Foreign exchange options	248,5	248,5	5,1	5,1	-	-	253,6	253,6
Other forward financial instruments								
Other forward financial instruments	-	-	-	-	-	-	-	-

(3) *These items are presented based on the maturities of the financial instruments.*

NOTE 26 Commitments

A. Financing commitments given and received

(in EUR millions)	31/12/2011	31/12/2010
COMMITMENTS GIVEN		
Loan commitments		
To banks	115.0	170.0
To customers	4,038.8	4,303.4
Guarantee commitments		
On behalf of banks	208.2	170.0
On behalf of customers	3,109.2	3,213.4
On behalf of insurance activities	202.1	263.5
Others	8,385.5	4,152.4
COMMITMENTS RECEIVED		
Loan commitments		
From banks	796.0	1,921.8
Guarantee commitments		
From banks	15,959.1	11,085.9
From insurance activities	239.8	205.2
Others [1]	53.1	90.1

(1) *O/w EUR 53.1 million in guarantee commitments received from government administrations and local authorities at December 31, 2011 (vs. EUR 90.1 million atDecember 31, 2010).*

Financing commitments and guarantees given to Société Générale Group amounted to EUR 4,835.4 million at December 31, 2011 versus EUR 1,522.5 million at December 31, 2010.

Financing commitments and guarantees received from Société Générale Group amounted to EUR 4,100.8 million at December 31, 2011 compared to EUR 340.1 million at December 31, 2010.

B. Securities transactions and foreign exchange transactions

(in EUR millions)	31/12/2011	31/12/2010
Securities transactions		
Securities to be received	4.3	5.6
Securities to be delivered	16.9	80.5
Foreign exchange transactions		
Currency to be received	5,288.5	6,129.6
Currency to be delivered	5,290.1	6,125.6

At December 31, 2011, securities and foreign currency to be received from Société Générale Group stood at EUR 885.2 million, while securities and foreign currency to be delivered to Société Générale Group amounted to EUR 897.9 million.

At December 31, 2010, securities and foreign currency to be received from Société Générale Group stood at EUR 501.8 million, while securities and foreign currency to be delivered to Société Générale Group amounted to EUR 584.1 million.

C. Financial derivatives

	31/12/2011		31/12/2010	
(in EUR millions)	Assets	Liabilities	Assets	Liabilities
TRADING INSTRUMENTS				
Interest rate instruments				
Firm transactions				
Swaps	*14 586,1*	*14 585,9*	*9 497,1*	*9 496,9*
FRAs	-	-	-	-
Options				
OTC options	-	-	-	-
Caps, floors, collars	*1 374,8*	*954,2*	*1 181,5*	*726,2*
Foreign exchange instruments				
Foreign exchange options	253,6	253,6	96,5	96,5
Other forward financial instruments				
Instruments on organised markets	-	-	-	-
SUB-TOTAL TRADING INSTRUMENTS	**16 214,5**	**15 793,7**	**10 775,1**	**10 319,6**
FAIR VALUE HEDGING INSTRUMENTS (2)				
Interest rate instruments				
Firm transactions				
Swaps	*21 002,0*	*21 002,0*	*16 597,4*	*16 597,4*
Options				
Caps, floors, collars	*2 021,0*	-	*2 345,0*	-
SUB-TOTAL HEDGING INSTRUMENTS	**23 023,0**	**21 002,0**	**18 942,4**	**16 597,4**
TOTAL	**39 237,5**	**36 795,7**	**29 717,5**	**26 917,0**

(2) *Including macrohedging derivatives at fair value through profit or loss.*

At December 31, 2011, financial derivatives commitments with Société Générale Group stood at EUR 34,439.6 million vs. EUR 25,235.4 million at December 31, 2010.

Note that under current regulations, transactions carried out on behalf of and on the order of customers are classified in the «Trading» category, while any hedging of such transactions is classified in «Fair value hedging through profit or loss».

NOTE 27 Foreign exchange transactions

(in EUR millions)	31/12/2011				31/12/2010			
	Assets	Liabilities	Currencies to be received	Currencies to be delivered	Assets	Liabilities	Currencies to be received	Currencies to be delivered
EUR	54,274.1	54,262.7	2,116.6	2,134.5	45,172.3	44,739.2	2,123.5	2,552.4
CHF	354.4	167.8	375.9	561.6	248.7	293.9	205.9	170.5
GBP	55.7	22.1	504.1	530.1	146.6	293.3	329.6	177.9
USD	426.3	680.2	1,854.4	1,662.0	598.0	968.7	2,477.9	2,103.7
JPY	7.2	2.2	22.7	20.0	16.6	6.5	316.6	326.2
Other currencies	40.0	22.7	414.8	381.9	154.2	34.8	676.1	794.9
TOTAL	**55,157.7**	**55,157.7**	**5,288.5**	**5,290.1**	**46,336.4**	**46,336.4**	**6,129.6**	**6,125.6**

NOTE 28 Interest and similar income

(in EUR millions)	2011	2010
INTEREST AND SIMILAR INCOME FROM		
Transactions with banks	79.8	57.3
Transactions with customers	1,285.6	1,069.8
Transactions in financial instruments	402.9	331.6
Available-for-sale financial assets	*185.5*	*141.4*
Held-to-maturity financial assets	*0.9*	*0.8*
Securities lending	*-*	*-*
Hedging derivatives	*216.5*	*189.4*
Finance leases	155.2	150.3
Real estate lease financing agreements	*80.6*	*74.3*
Non-real estate lease financing agreements	*74.6*	*76.0*
Other interest and similar income	-	-
SUB-TOTAL	**1,923.5**	**1,609.0**
INTEREST AND SIMILAR EXPENSES FROM	,	,
Transactions with banks	-66.5	-72.5
Transactions with customers	-337.3	-262.8
Transactions in financial instruments	-352.2	-319.0
Deb securities	*-152.8*	*-80.6*
Subordinated and convertible debt	*-26.1*	*-23.5*
Securities borrowing	*-*	*-*
Hedging derivatives	*-173.3*	*-214.9*
Finance leases	-63.2	-59.3
Real estate lease financing agreements	*-58.5*	*-54.7*
Non-real estate lease financing agreements	*-4.7*	*-4.6*
Other interest and similar expenses	-0.1	-0.1
SUB-TOTAL	**-819.3**	**-713.7**
TOTAL INTEREST AND SIMILAR INCOME	**1,104.2**	**895.3**

(in EUR millions)	2011	2010
NET INCOME (EXPENSE) FROM		
Transactions with banks	13.3	-15.2
Transactions with customers	948.3	807.0
Short-term loans	*134.9*	*130.6*
Export loans	*1.8*	*1.3*
Equipment loans	*197.1*	*156.3*
Housing loans	*686.7*	*553.4*
Others	*-72.2*	*-34.6*
Transactions in financial instruments	50.7	12.6
Finance leases	92.0	91.0
Others	-0.1	-0.1
TOTAL INTEREST AND SIMILAR INCOME	**1,104.2**	**895.3**

NOTE 29 Fee income and expense

(in EUR millions)	2011	2010
FEE INCOME		
Transactions with banks	-	-
Transactions with customers	285.5	249.4
Securities transactions	5.9	4.6
Foreign exchange and financial derivatives transactions	2.4	2.0
Loan and guarantee commitments	29.2	24.0
Services	633.4	585.6
Others	-	-
SUB-TOTAL	**956.4**	**865.6**
FEE EXPENSE		
Transactions with banks	-0.9	-0.8
Securities transactions	-5.7	-4.3
Foreign exchange and financial derivatives transactions	-0.1	-0.1
Loan and guarantee commitments	-1.4	-1.0
Others	-132.3	-118.5
SUB-TOTAL	**-140.4**	**-124.7**
TOTAL NET FEES AND COMMISSIONS	**816.0**	**740.9**

This fee income and expense includes:		
- Fee income, excluding EIR * linked to financial instruments not measured at fair value through profit or loss	314.8	273.4
- Fee income relating to trusts or similar activities	140.3	143.0
- Fee expenses, excluding EIR * linked to financial instruments not measured at fair value through profit or loss	-1.4	-1.0
- Fee expenses relating to trusts or similar activities	-19.3	-16.5

* *Effective Interest Rate.*

NOTE 30 Net income and expense from financial instruments at fair value through profit or loss

(in EUR millions)	2011	2010
Net gain/loss on non-derivative financial assets held for trading	3.6	3.0
Net gain/loss on financial assets measured using fair value option	3.2	1.3
Net gain/loss on non-derivative financial liabilities held for trading	-	-
Net gain/loss on financial liabilities measured using the fair value option [(1)]	-25.0	-13.9
Gain/loss on derivative financial instruments held for trading	5.1	2.6
Net gain/loss on hedging instruments/Fair value hedging	370.7	-52.7
Revaluation of hedged items attributable to hedged risks	-371.5	45.4
Ineffective portion of cash flow hedges	-	-
Net gain/loss on foreign exchange transactions	12.3	12.0
TOTAL	**-1.6**	**-2.3**

(1) Including income of EUR 12.1 million associated with the credit risk spread in the revaluation of the Group's financial liabilities at December 31, 2011 (versus income EUR 5.3 million at December 31, 2010).

Net income and expense from financial assets and liabilities at fair value through profit is measured using valuation techniques based on observable parameters.

The income from this margin is therefore not impacted by the change in the fair value of instruments initially valued using valuation parameters not based on market data.

NOTE 31 Net gains or losses on available-for-sale financial assets

(in EUR millions)	2011	2010
CURRENT ACTIVITIES		
Gains on sale [(1)]	6.4	2.5
Losses on sale [(2)]	-3.8	-2.8
Impairment of equity instruments	-	-0.3
Participation in unrealised gains or losses on available-for-sale assets of insurance subsidiaries	-3.1	1.5
SUB-TOTAL	**-0.5**	**0.9**
LONG-TERM EQUITY INVESTMENTS		
Gains on sale	0.6	6.2
Losses on sale	-0.1	-
Impairment of equity instruments	-0.6	-
SUB-TOTAL	**-0.1**	**6.2**
TOTAL	**-0.6**	**7.1**

(1) Of which EUR 4.8 million due to insurance activities at December 31, 2011 versus EUR 1.4 million at December 31, 2010.

(2) Of which EUR -1.7 million due to insurance activities at December 31, 2011 versus EUR -2.8 million at December 31, 2010.

NOTE 32 income and expenses from other activities

(in EUR millions)	2011	2010
INCOME FROM OTHER ACTIVITIES		
Real estate development	-	-
Real estate leasing [1]	5.6	4.9
Equipment leasing	1.2	1.3
Other activities	18.3 [2]	23.5 [3]
SUB-TOTAL	**25.1**	**29.7**
EXPENSES DUE TO OTHER ACTIVITIES		
Real estate development [1]	-0.2	-0.2
Real estate leasing	-2.2	-1.6
Equipment leasing	-0.1	-0.1
Other activities	-14.5	-20.8
SUB-TOTAL	**-17.0**	**-22.7**
TOTAL NET	**8.1**	**7.0**

(1) O/w rent on investment property: EUR 2.8 million at December 31, 2011 and EUR 2.5 million at December 31, 2010.

(2) O/w net income on insurance business: EUR 4.2 million at December 31, 2011, which breaks down into income of EUR 916.5 million and expenses of EUR 912.3 million.

(3) O/w net income on insurance business: EUR 10.2 million at December 31, 2011, which breaks down into income of EUR 776.9 million and expenses of EUR 766.6 million.

NOTE 33 Personnel expenses

A. Personnel expenses

(in EUR millions)	2011	2010
Employee compensation	-442.6	-397.5
Social security charges and payroll taxes	-115.1	-105.1
Retirement expenses	-66.0	-61.8
Defined contribution plans	-63.3	-58.1
Defined benefit plans	-2.7	-3.7
Other social security charges and taxes	-51.2	-49.6
Employee profit-sharing and incentives	-57.1	-54.6
Transfer of charges	4.2	5.6
TOTAL	**-727.8**	**-663.0**

Performance-based compensation paid in 2011 in respect of 2010 totalled EUR 24.2 million.

B. Headcount [1]

	2011	2010
Registered workforce [2]	9,850	9,948
Average staff count in activity	9,566	9,651
Average net staff count compensated directly by Crédit du Nord Group	8,951	9,092
Maternity leave, qualification/apprenticeship contracts	615	559

(1) *Excluding staff at Banque Pouyanne.*
(2) *Excluding staff posted to Société Générale Group.*

NOTE 34 Share-based payment plans

Expenses recorded on the income statement

(in EUR millions)	2011	2010
Net expenses from stock option purchase plans	-	-
Net expenses from stock option and free share allocation plans	-7.4	-2.8
TOTAL	**-7.4**	**-2.8**

The expense indicated above relates to equity-settled stock-option plans and to all cash-settled plans.

Main characteristics of stock option and free share allocation plans

Equity-settled stock option plans for Crédit du Nord Group employees for the year ended December 31, 2011 are briefly described below.

Stock options

Issuer: Société Générale	2010	2009	2008	2007	2006	2005	2004
Type of plan	Subscription options	Subscription options	Subscription options	Purchase options	Purchase options	Purchase options	Purchase options
Shareholders' agreement	27/05/2008	27/05/2008	30/05/2006	30/05/2006	29/04/2004	29/04/2004	23/04/2002
Board of Directors' decision	09/03/2010	09/03/2009	21/03/2008	19/01/2007	18/01/2006	13/01/2005	14/01/2004
Number of stock options granted [(1)]	44 422	58 068	63 535	47 444	82 485	324 361	332 860
Term of validity of options	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares	SG shares	SG shares	SG shares	SG shares
Vesting period	09/03/2010 - 31/03/2014	09/03/2009 - 31/03/2012	21/03/2008 - 31/03/2011	19/01/2007 - 19/01/2010	18/01/2006- 18/01/2009	13/01/2005- 13/01/2008	14/01/2004- 14/01/2007
Performance based[(2)]	yes	yes	yes	no, except for corporate officers	no	no	no
Conditions linked to departure from Group	lost	lost	lost	lost	lost	lost	lost
Conditions linked to dismissal	lost	lost	lost	lost	lost	lost	lost
Conditions linked to retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained
In event of death	maintained 6 months	maintained 6 months	maintained 6 months	maintained 6 months	maintained 6 months	maintained 6 months	maintained 6 months
Share price at grant date (in euros) [(1) (3)]	43.64	23.18	63.60	115.60	93.03	64.63	60.31
Discount	not applicable	0%	0%	0%	0%	0%	0%
Exercise price (in euros) [(1)]	41.20	23.18	63.60	115.60	93.03	64.63	60.31
Options authorised but not awarded	-	-	-	-	-	-	-
Options exercised at December 31, 2011	-	-	-	-	-	-	19,414
Options lost at December 31, 2011	790	-	33,672	716	6,168	11,610	313,446
Options outstanding at December 31, 2011	43,632	58,068	29,863	46,728	76,317	312,751	-
Number of shares reserved at December 31, 2011	-	-	-	[(4)]	[(4)]	[(4)]	-
Share price of shares reserved (in euros)	-	-	-	[(4)]	[(4)]	[(4)]	-
Share price of shares reserved (in euros)	-	-	-	[(4)]	[(4)]	[(4)]	-
First authorised date for selling the shares	31/03/2014	31/03/2013	21/03/2012	19/01/2011	18/01/2010	13/01/2009	14/01/2008
Lock-in period	-	1 year	1 year	1 year	1 year	1 year	1 year
Fair value (% of share price at grant date)	26%[(5)]	27%	24%	18%	16%	17%	21%
Valuation method used to determine fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

(1) In accordance with IAS 33, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data have been adjusted for the coefficient given by Euronext, which reflects the portion attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006, the first quarter of 2008 and the fourth quarter of 2009.

(2) The performance-based conditions are described in the section on Corporate Governance in Société Générale Group's registration document. The 2010 EPS performance conditions on which 2008 stock option awards were based were not met.

(3) Average of the 20 last market quotations for plans from 2003 through 2009 and the closing price for the award under the 2010 plan.

(4) The 2005, 2006 and 2007 stock option plans were hedged using purchase options.

(5) If the ROE condition is not met, fair value takes account of the TSR condition, i.e. 7%.

Free shares

Issuer: Société Générale	2011	2010	2009	2008
Type of plan	Free shares	Free shares	Free shares	Free shares
Shareholders' agreement	25/05/2010	27/05/2008	27/05/2008	30/05/2006
Board of Directors' decision	07/03/2011	09/03/2010	20/01/2009	21/03/2008
Number of stock options granted [(6)]	89,011	87,709	123,732	75,086
Settlement	SG shares	SG shares	SG shares	SG shares
Vesting period	07/03/2011 - 31/03/2013	Sub-plan N°1 09/03/2010 - 31/03/2013	20/01/2009 - 31/03/2012	21/03/2008 - 31/03/2010 21/03/2008 - 31/03/2011
Performance based [(7)]	yes	Performance conditions for a list of awardees	yes	yes
Conditions linked to departure from Group	lost	lost	lost	lost
Conditions linked to dismissal	lost	lost	lost	lost
Conditions linked to retirement	maintained	maintained	maintained	maintained
In event of death	maintained 6 months	maintained 6 months	maintained 6 months	maintained 6 months
Share price at grant date (in euros) [(6)]	46.55	43.64	23.36	58.15
Shares delivered at December 31, 2011	-	-	-	72,435
Shares lost at December 31, 2011	488	2,203	4,546	2,651
Shares outstanding at December 31, 2011	88,523	85,506	119,186	-
Number of shares reserved at December 31, 2011	88,523	85,506	119,186	-
Share price of shares reserved (in euros)	45.67	47.71	59.70	-
Share price of shares reserved (in euros)	4.0	4.1	7.1	-
First authorised date for selling the shares	31/03/2015	31/03/2015	31/03/2014	31/03/2012 - 31/03/2013
Lock-in period	2 years	2 years	2 years	2 years
Fair value (% of share price at grant date)				
- 2-year vesting period	86% [(8)]			87%
- 3-year vesting period		82% [(9)]	78%	81%
Valuation method used to determine fair value	Arbitrage	Arbitrage	Arbitrage	Arbitrage

(6) In accordance with IAS 33, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data have been adjusted for the coefficient given by Euronext, which reflects the portion attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006, the first quarter of 2008 and the fourth quarter of 2009.

(7) The performance-based conditions are described in the section on Corporate Governance in Société Générale Group's registration document. The 2010 EPS performance conditions on which 2008 stock option awards were based were not met.

(8) If the ROE or EPS condition is not met, fair value takes account of the TSR condition, i.e. 31% and 68%, respectively.

(9) If the ROE condition is not met, fair value takes account of the TSR condition, i.e. 16%.

Furthermore, Banque Tarneaud allocated 12,000 shares for all of its employees in 2009. These shares were valued at EUR 59.89 and have a vesting period of three years. At December 31, 2011, a total of 900 shares had been lost, leaving 11,100 shares outstanding.

Statistics concerning stock-option plans

The stock option plans offered to Crédit du Nord Group employees for the year ended December 31, 2011 are briefly described below:

	Weighted average remaining contractual life	Weighted average fair value at grant date (in euros)	Weighted average share price at exercise date (in euros)	Exercise price range	Number of options						
					Plan 2010	Plan 2009	Plan 2008	Plan 2007	Plan 2006	Plan 2005	Plan 2004
Options outstanding at January 1, 2011	-	-	-	-	43,632	58,068	63,535	46,728	76,317	316,005	290,305
Options granted in 2011	-	-	-	-	-	-	-	-	-	-	-
Options lost in 2011	-	-	-	-	-	-	33,672	-	-	3,254	-
Options exercised in 2011	-	-	-	-	-	-	-	-	-	-	-
Options expired in 2011	-	-	-	-	-	-	-	-	-	-	290,305
Options outstanding at December 31, 2011	17 months	12.25	-	-	43,632	58,068	29,863	46,728	76,317	312,751	-
Exercisable options at December 31, 2011	-	-	-	-	-	-	29,863	46,728	76,317	312,751	-

Main assumptions used to value Société Générale stock option plans

	2010	2009	2008	2007	2006	2005	2004
Risk-free interest rate	2.9%	3.0%	4.2%	4.2%	3.3%	3.3%	3.8%
Implied share volatility	29.0%	55.0%	38.0%	21.0%	22.0%	21.0%	27.0%
Forfeited rights rate	0%	0%	0%	0%	0%	0%	0%
Expected dividend (yield)	1.3%	3.5%	5.0%	4.8%	4.2%	4.3%	4.3%
Expected life (after grant date)	5 years	5 years	5 years	5 years	5 years	5 years	5 years

Future volatility was estimated using the implied volatility of the Group, which, over 5-year share options traded OTC (TOTEM database), was around 29% in 2010. This implied volatility more accurately reflects future volatility.

Overview of the free share allocation programme benefiting all Société Générale Group employees

In order to give all employees of the Société Générale Group a stake in the success of the Ambition SG2015 programme, its Board of Directors allocated 40 free shares to each staff member at its meeting of November 2, 2010. These shares are wholly contingent on presence and performance conditions. The vesting period extends from November 2, 2010 to March 29, 2013 for the first tranche, i.e. 16 shares, and from November 2, 2010 to March 31, 2014 for the second tranche, i.e. 24 shares. The shares will then be subject to a two-year lock-in period.

The performance conditions are described in the section on Human Resources, Profit-sharing, Incentive and the Global Employee Stock Ownership Plan in the Registration Document filed by Société Générale Group.

Because it is a bonus issue, there were no reserved shares at December 31, 2011.

The issue price, in euros, is EUR 42.10. The method used to determine fair value is the bid-ask spread approach. Fair value (as a % of the equity instrument granted) isset at 85% for the first tranche, and 82% for the second tranche.

An annual staff turnover assumption was made to determine the cost of the plan; it stands at an average of 3.5% per year for the employees eligible for the plan.

Allocation of SG shares with a discount

Under the Group's employee shareholding policy, on April 20, 2010, Société Générale offered its employees the opportunity to subscribe for a reserved capital increase at a share price of EUR 36.98, with a discount of 20% to the average price of the Société Générale share for the 20 last quoted market prices prior to the offering date.

The number of shares subscribed for was 346,500. There is no expense to the Group for this plan. The valuation model used, which complies with the recommendations of the French National Accounting Board on the accounting treatment of company savings plans, compares the gain that employees would have obtained if they had been able to sell the shares immediately with the notional cost that the 5-year holding period represents to the employee. As the average closing price of Société Générale shares observed over the subscription period (from May 11 to 26) was less than the per-employee acquisition cost of the instrument, this model resulted in a unit value of zero.

NOTE 35 Cost of risk

(in EUR millions)	2011	2010
COUNTERPARTY RISK		
Net allocation for impairment	-185.6	-166.5
Losses not covered by provisions	-16.9	-15.5
Amounts recovered on amortised receivables	8.6	7.6
SUB-TOTAL	**-193.9**	**-174.4**
OTHER RISKS		
Net allowance for other provisions for contingent liability items	-3.2	-0.6
Losses not covered by provisions	-0.9	-1.0
SUB-TOTAL	**-4.1**	**-1.6**
TOTAL	**-198.0**	**-176.0**

NOTE 36 Income Tax

(in EUR millions)	2011	2010
Current taxes	-177.8	-149.2
Deferred taxes	-8.0	26.6
TOTAL	**-185.8**	**-122.6**

Reconciliation of the difference between the Group's normative tax rate and its effective tax rate is presented below:

(in EUR millions)	2011	2010
Earnings before tax and net income from companies accounted for by the equity method	**507.4**	**392.6**
Normal tax rate applicable to French companies (including the 3.3% contribution)	**34.43%**	**34.43%**
Permanent differences	1.49%	0.49%
Differential on items taxed at reduced rate	-	-0.05%
Tax differential on profits taxed outside France	-0.75%	-0.73%
Gain due to tax consolidation	0.52%	-0.23%
Adjustments and dividend tax credits	-0.16%	-0.29%
Change in tax rate	0.93%	-
Other items	0.16%	-2.39%
Group effective tax rate	**36.62%**	**31.23%**

In France, the standard corporate income tax rate is 33.33%. In addition, companies pay a Social Security Contribution of 3.3% (after a deduction from taxable income of EUR 0.76 million), introduced in 2000, in addition to an Exceptional Contribution of 5% instituted for fiscal years 2011 and 2012 on all profitable companies generating revenue of more than EUR 250 million.

Long-term capital gains on equity investments are tax-exempt, subject to taxation of a share for fees and expenses. As from January 1, 2011, in accordance with the Second Amended Finance Law, this share for fees and expenses stands at 10% of the capital gain generated versus 5% previously.

In addition, under the regime of parent companies and subsidiaries, dividends received from companies in which the equity investment is at least 5% are tax-exempt, subject to taxation at the standard rate of 5% for a share of fees and expenses.

The standard tax rate applicable to French companies to determine their deferred tax is 34.43% and the reduced rate is 3.44% depending on the nature of the transactions in question.

NOTE 37 Statement of fair value

At 31/12/2011 *(in EUR millions)*	Net book value					
		Fixed rate				
	Floating rate	Less than 1 year	More than 1 year	Not broken down	Total NBV	Fair value
ASSETS						
Due from banks	4,735.4	256.6	3,106.5		8,098.5	8,098.5
Customer loans	9,373.8	577.0	21,817.5		31,768.3	31,715.6
Lease financing and similar agreements	246.2	97.8	1,779.5		2,123.5	2,124.0
Held-to-maturity financial assets	-	0.1	37.4		37.5	37.6
Investments in subsidiaries and affiliates accounted for by the equity method				8.7	8.7	8.7
Fixed assets (excluding intangible assets)				401.4	401.4	717.9
LIABILITIES						
Due to banks	6,199.0	174.6	233.9		6,607.5	6,599.8
Customer deposits	16,757.2	8,297.0	2,662.5		27,716.7	27,716.6
Debt securities	7,209.4	904.8	634.8		8,749.0	8,811.7
Subordinated debt	418.8	2.6	248.9		670.3	625.8

For financial instruments recognised at fair value in the balance sheet, the figures given in the notes should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

NOTE 38 Transactions with related parties

In accordance with the definitions provided under IAS 24, Crédit du Nord's related parties include the following: members of the Board of Directors, corporate officers (the Chief Executive Officer and the Deputy Chief Executive Officer) and their respective spouses and any children residing in their family home, on the one hand, and affiliated companies, on the other.

A. Senior managers

A.1. Remuneration of the Group's senior managers [1]

This includes amounts effectively paid by the Group to its directors and corporate officers as remuneration (including employer charges), and other benefits under IAS 24, paragraph 16, as indicated below.

(in EUR millions)	2011	2010
Short-term benefits	1.4	0.9
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	0.9	-
Share-based payments	0.1	0.2
TOTAL	**2.4**	**1.1**

(1) *At December 31, 2011, there were two corporate officers: the Chief Executive Officer and the Deputy Chief Executive Officer.*

A detailed description of the remuneration and benefits of Crédit du Nord's corporate officers is contained in the information on the corporate officers.

A.2. Related party transactions (physical persons)

Transactions with members of the Board of Directors, corporate officers and members of their families discussed in this note consist solely of loans and guarantees outstanding at December 31, 2011 and securities transactions. These transactions are insignificant.

B. Principal subsidiaries and affiliates

Crédit du Nord Group has reported the following companies as affiliated entities: Antarius, consolidated using the proportionate method, and Société Générale Group, with which it carries out transactions.

(in EUR millions)	31/12/2011	31/12/2010
OUTSTANDING ASSETS WITH RELATED PARTIES		
Financial assets at fair value through profit or loss	71.0	22.6
Other assets	7,791.4	2,464.1
TOTAL OUTSTANDING ASSETS	**7,862.4**	**2,486.7**

(in EUR millions)	31/12/2011	31/12/2010
OUTSTANDING LIABILITIES WITH RELATED PARTIES		
Financial liabilities at fair value through profit or loss	95.1	34.9
Customer deposits	1,029.5	0.1
Other liabilities	5,592.1	3,685.1
TOTAL OUTSTANDING LIABILITIES	**6,716.7**	**3,720.1**

(in EUR millions)	31/12/2011	31/12/2010
NBI FROM RELATED PARTIES		
Interest and similar income	-0.8	-79.9
Fee income	56.5	-4.2
Net income from financial transactions	343.0	-62.8
Net income from other activities	-	-
NBI	**398.7**	**-146.9**

(in EUR millions)	31/12/2011	31/12/2010
COMMITMENTS TO RELATED PARTIES		
Foreign exchange transactions and securities to be received	885.2	501.8
Foreign exchange transactions and securities to be delivered	897.9	584.1
Guarantee commitments received	4,100.8	340.1
Loan commitments given	-	-
Guarantee commitments given	4,835.4	1,522.5
Other forward financial instruments	34,439.6	25,235.4

NOTE 39 Statutory Auditors' fees

	DELOITTE		ERNST & YOUNG		Others	
(in EUR thousands)	2011	2010	2011	2010	2011	2010
Statutory Auditors, certification and examination of individual and consolidated financial statements	554.0	515.0	415.0	385.0	224.0	191.0
Fees relating to other due diligence procedures and services directly linked to the statutory auditor's duties	-	3.0	-	170.0 (1)	-	-
TOTAL	**554.0**	**518.0**	**415.0**	**555.0**	**224.0**	**191.0**

(1) *Including due diligence procedures associated with the acquisition of Société Marseillaise de Crédit.*

Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2011

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes 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 captions or on information taken outside of the consolidated financial statements.
This report also includes information relating to the specific verification of information in the group'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

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Crédit du Nord;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements as at December 31, 2011 were made in a context of uncertainty, arising as a result of the sovereign debt crisis of some eurozone countries (most notably in Greece). This crisis is accompanied by an economic and also a liquidity crisis resulting in a lack of visibility concerning economic prospects. In that context and in accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As part of the consolidated financial statements closing, your group records depreciations to cover the credit risks inherent to its activities and also performs significant accounting estimates, as described in note 1 to the consolidated financial statements, related in particular to the assessment of the goodwills, as well as of the pension plans and other post-employment benefits. We have, on the one hand, reviewed and tested, the processes implemented by management, the underlying assumptions and the valuation parameters, and, on the other hand, we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in that note.
- In the more specific context of volatility on financial markets:
  - As detailed in note 1 to the consolidated financial statements, your group uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in, on the one hand, reviewing the control procedures for the models used, assessing the underlying data and assumptions, and, on the other hand, verifying that the risks and results related to these instruments were taken into account.
  - Likewise, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.
- As mentioned in note 5 to the consolidated financial statements, your group assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit and loss. We have verified the appropriateness of the data used for this purpose.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 18, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES
Jean-Marc MICKELER

ERNST & YOUNG et Autres
Bernard HELLER

Basel II Capital Adequacy Ratio Information under Pillar 3

The Basel Accord of June 2004 established the rules for calculating minimum capital requirements, while extending the scope of risks (with the introduction of a capital charge for operational risk) for the purpose of gaining a better understanding of the risks to which banks are exposed. This mechanism (known as Basel II) was transposed into European law via the Capital Requirements Directive (CRD I) and subsequently into French law in 2006. It came into force on January 1, 2008.

The capital adequacy ratio is determined on a consolidated «banking» basis and eliminates the contribution of insurance companies.

The calculation of credit risk-weighted assets was fine-tuned to better take account of the risk to which banking operations are exposed. Under Basel II standards, there are two possible approaches for determining risk-weighted assets: the standard method (based on fixed weightings) and the internal ratings based method (IRB). IRB relies on internal counterparty risk rating models (IRB foundation approach), or on internal counterparty and operational risk rating models (Advanced IRB approach). In December 2007, the French Banking Commission authorised Crédit du Nord Group to use advanced methods on credit risk (IRBA) and on operational risk (AMA). In compliance with current laws, these models are subject to regular monitoring and back-testing.

In respect of the Basel II capital adequacy ratio, minimum capital requirements are set at 8% of the sum of weighted credit risks plus the capital requirement multiplied by 12.5 for market risks (interest rate risk, foreign exchange risk, equity risk and commodities risk) and operational risks.

In respect of prudential capital, Basel II introduced new deductions, half of which are applicable to core capital and half to supplementary capital (shareholdings in companies engaged in financial operations, inadequacy of provisions).

The Basel II capital ratio was 10.8% at December 31, 2011 (with a Basel II Tier 1 ratio of 8.5%), without factoring in additional capital requirements in respect of floors). If due account is taken of supplementary capital requirements in respect of floors, the Basel II capital ratio decreases to 9.2% and the Basel II Tier 1 ratio to 7.2%.

Implementation of Basel II includes a transitional period during which Basel II capital requirements (calculated as 8% of total risk-weighted assets in compliance with the rules in force under the French decree of February 20, 2007, amended on November 23, 2011) may not be less than 80% of the capital requirements laid down in the earlier standard (Basel I or Cooke).

Prudential capital, comprised of core capital and supplementary capital, is determined in accordance with CRBF Regulation No. 90-02, currently in effect. Supplementary capital is not included in the 100% core capital limit.

Furthermore, Tier 2 capital can only be recognised up to a maximum of 50% of Tier 1 capital. Regulation No. 95-02 on prudential market risk management permits recognition of Tier 3 capital and, accordingly, issuance of subordinated instruments having an initial maturity two years or more. Crédit du Nord Group does not use this option.

As a result, equity, Group share, stood at EUR 2,258.9 million at December 31, 2011 (compared to EUR 2,264.0 million at December 31, 2010). After taking account of non-controlling interests and prudential deductions (including the new deductions introduced by the Basel II framework), prudential Basel II Tier 1 capital came out at EUR 1,503.7 million and Basel II risk-weighted assets stood at EUR 17,628.2 million.

Risk-weighted assets can be broken down as follows by type of activity:

- credit risk exposure of EUR 16,758.5 million, accounting for 95.1% of risk-weighted assets at December 31, 2011;
- market risk exposure of EUR 6.6 million was insignificant at December 31, 2011;
- operational risk exposure of EUR 863.1 million, accounting for 4.9% of risk-weighted assets at December 31, 2011.

Basel II capital adequacy ratio

(in EUR millions)	31/12/2011	31/12/2010
Consolidated equity, Group share (IFRS)	2,528.9	2,264.0
Non-controlling interests, after estimated dividend payout	62.1	58.3
Intangible assets	-150.0	-96.0
Goodwill	-508.0	-564.7
Dividends proposed at the Shareholders' Meeting	-222.6	-
Other regulatory adjustments	-91.7	-132.1
SUB-TOTAL TIER 1 CAPITAL	**1,618.7**	**1,529.5**
Basel II deductions (1)	-115.0	-192.1
TOTAL TIER 1 CAPITAL	**1,503.7**	**1,337.4**
Tier 2 capital	662.2	369.1
Basel II deductions (1)	-115.0	-192.1
Equity interests in insurance companies	-142.4	-142.4
TOTAL TIER 2 CAPITAL	**404.8**	**34.6**
TOTAL REGULATORY CAPITAL (TIER 1 + TIER 2)	**1,908.5**	**1,372.0**
Credit risk-weighted assets	16,758.5	15,228.0
Market risk-weighted assets	6.6	4.3
Operational risk-weighted assets	863.1	940.1
TOTAL RISK-WEIGHTED ASSETS	**17,628.2**	**16,172.4**
CAPITAL ADEQUACY RATIOS		
Tier 1 ratio (2)(3)	8.5%	8.3%
Overall capital adequacy ratio (2)(3)	10.8%	8.5%

(1) 50% of Basel II deductions are applied to Tier 1 capital and 50% to Tier 2 capital.

(2) Not including additional capital requirements in respect of floors (as the Basel II requirement cannot be less than 80% of the Basel I requirement).

(3) After applying additional capital requirements in respect of floors, the Tier 1 ratio was 7.2% and the Basel II capital adequacy ratio 9.2% at 31/12/2011.

Individual financial statements 3

2011 Management Report

2011 was a year of major contrasts on the economic front in France. The real estate market stayed in good shape, but the job market took a turn for the worse and household consumption dipped sharply towards the end of the year.

These developments tied in to the general crisis caused by euro zone sovereign debt, sparking a major credit crunch for the banking sector. As a result, banks such as Crédit du Nord monetised some of their debt receivables to make them eligible as collateral for ECB financing.

Despite this exacerbated economic environment, 2011 was another robust year for Crédit du Nord Group in terms of business and earnings growth.

Fiscal year activity

Property loans to individuals were driven in part by attractive interest rate levels, with the home loan book expanding by EUR 1.3 billion. Like last year, origination of business loans was again undermined by the sluggish economic climate; even so, outstanding equipment and cash loans managed to pick up 4.1%.

In spite of the crisis, deposits rose sharply (+18.9%) on both the individual and business customer markets, as investors steered their assets away from money market funds made unattractive by relatively low short rates. These numbers were also boosted by sales of stepper term deposit accounts to business customers.

The decline in custody of securities managed by the Bank for its customers, i.e. EUR 18.3 billion at end-2011 versus EUR 20.0 billion at end-2010, can be attributed to the stock market slump and low money market rates, while the share of UCITS also dipped from 42.6% to 37.8%.

2011 net income

Crédit du Nord’s net banking income amounted to EUR 1,079.2 million in 2011, up 0.8% on 2010. This improvement was underpinned by strong momentum in sales margins and the resilience of fee income, despite persistently challenging market conditions and heavy competitive constraints. Management fees (+1.0%) climbed on the back of growth in the customer base and continuous efforts to increase the number of banking and insurance products and services sold to customers.

Total operating expenses came out at EUR 686.4 million. In 2011, Crédit du Nord implemented a new system for rebilling operating expenses to its banking subsidiaries. Restated for rebilled operating expenses of EUR 22.5 million, total operating expenses were up 3.1% on 2010.

In light of all these factors, gross operating income totalled EUR 392.8 million, up 2.6%.

In 2011’s turbulent economic environment, cost of risk held steady at a high EUR 107.9 million, up 27.4% compared to 2010. It should be noted, however, that this expense included a provision of EUR 26.6 million for indirect risks associated with Greek government bonds. Restated for this provision, cost of risk was actually down 4.0%.

Operating income before corporation tax stood at 285.4 million, down 5.8% versus 2010. Adjusted for the above-mentioned provision, operating income before corporation tax improved by 3.0%.

After factoring in the corporation tax, net income for the fiscal year came out at EUR 226.9 million, an 11.6% decline on 2010.

Outlook

In line with past fiscal years, Crédit du Nord's 2011 results confirmed the outstanding quality of its business model, built on close customer relations and a balanced business portfolio distributed over the individual, professional and business markets.

In 2012, developments in income and lending activity are liable to suffer from the economic uncertainties currently inspiring a wait-and-see attitude and capable of driving cost of risk even higher. However, Crédit du Nord can expect to continue to be buoyed by the growth drivers built by investments in the opening of new branches and implementation of software development and organisational projects over the last few years.

Schedule of trade payables

	Payables not yet due					
(in EUR millions)	1-30 days	31-60 days	> 60 days	Payables due	Other scheduled payments	Total
Amount at 31/12/2011	1.1	-	-	-	0.3	1.4
Amount at 31/12/2010	2.8	-	-	-	0.3	3.1

The maturity dates correspond to the payment dates listed on the invoices or to supplier terms and conditions, independent of their date of receipt.

The Purchasing Department records the invoices and carries out the payments requested by all of the functional departments. The network branches have special teams to process and pay their own invoices.

In accordance with Crédit du Nord's internal control procedures, invoices are only paid after they are approved by the departments which ordered the services. Once approval is obtained, they are entered into a joint application, with payments made according to the terms set by the suppliers.

The «Other scheduled payments» column refers to retainer payments for work which will be paid approximately 6 months after the work is received.

Five-year financial summary

	2011	2010	2009	2008	2007
FINANCIAL POSITION AT YEAR-END					
Capital stock *(in EUR)*	890,263,248	890,263,248	740,263,248	740,263,248	740,263,248
Shares outstanding	111,282,906	111,282,906	92,532,906	92,532,906	92,532,906
RESULTS OF OPERATIONS FOR THE YEAR *(in EUR thousands)*					
Revenue without tax [(1)]	1,843,867	1,579,145	1,698,558	2,126,540	2,009,819
Net Banking Income	1,079,181	1,070,379	1,054,647	931,564	1,062,358
Income before tax, depreciation, provisions and profit-sharing	530,465	463,278	520,679	404,049	468,649
Income tax	-58,458	-46,124	-37,134	-14,635	-30,672
Income after taxes, depreciation, provisions and profit-sharing	226,891	256,758	331,356	168,230	336,109
Total dividends [(2)]	222,566	-	323,865	129,546	189,692
EARNINGS PER SHARE *(in euros)*					
Earnings after tax and profit-sharing but before depreciation and provisions [(3)]	4,02	3,50	4,98	4,05	4,48
Earnings after tax, depreciation, provisions and profit-sharing [(3)]	2,04	2,31	3,58	1,82	3,63
Dividend per share [(2)]	2,00	-	3,50	1,40	2,05
EMPLOYEE DATA					
Number of employees	5,734	5,821	5,913	5,965	5,918
Total payroll *(in EUR thousands)*	269,314	265,934	263,915	260,091	257,216
Total benefits (social Security, corporate benefit plans, etc.) *(in EUR thousands)*	114,816	118,476	113,801	113,314	111,933

(1) *Defined as the sum of bank operating income and other income deducted for interest paid on swaps.*

(2) *In respect of the fiscal year.*

(3) *Based on the number of outstanding shares at year-end.*

Individual balance sheet at December 31

Assets

(in EUR millions)	Notes	31/12/2011	31/12/2010
Cash, due from central banks and postal accounts		1,740.4	659.1
Treasury notes and similar securities	4	1,016.7	1,144.3
Due from banks	2	10,103.0	6,099.5
Current accounts		2,237.7	3,139.5
Term accounts		7,865.3	2,960.0
Transactions with customers	3	17,947.2	16,063.7
Commercial loans		320.8	270.0
Other customer loans		16,586.6	15,017.5
Overdrafts		1,039.8	776.2
Bonds and other fixed-income securities	4	6,095.2	4,834.2
Shares and other equity securities	4	0.6	0.7
Equity investments and other long-term investment securities	5	93.8	93.7
Investments in subsidiaries and affiliates	5	1,675.5	1,675.5
Leases and rentals with option to purchase		3.6	4.2
Intangible assets	6	113.1	112.7
Tangible assets	6	197.6	194.5
Other assets	7	277.7	249.9
Accrued expenses	7	483.9	453.0
TOTAL		**39,748.3**	**31,585.0**

Off-balance sheet items

(in EUR millions)	Notes	31/12/2011	31/12/2010
Loan commitments given		3,874.9	3,920.3
To banks		1,037.9	905.2
To customers		2,837.0	3,015.1
Guarantee commitments given		3,073.2	3,157.0
To banks		226.7	252.2
To customers		2,846.5	2,904.8
Securities commitments given		4.1	22.8
Securities acquired with option to repurchase or recover		-	-
Other commitments given		4.1	22.8
TOTAL COMMITMENTS GIVEN	**17**	**6,952.2**	**7,100.1**

Liabilities

(in EUR millions)	Notes	31/12/2011	31/12/2010
Due to central banks and postal accounts		-	-
Due to banks	9	7,977.0	4,012.3
Current accounts		524.2	1,383.0
Term accounts		7,452.8	2,629.3
Transactions with customers	10	16,416.8	13,811.7
Special and regulated savings accounts		5,520.4	5,103.5
Current accounts		4,391.2	3,969.5
Term accounts		1,129.2	1,134.0
Other debts		10,896.4	8,708.2
Current accounts		8,563.5	8,105.0
Term accounts		2,332.9	603.2
Debt securities	12	11,150.9	10,122.7
Short-term notes		9.2	11.1
Money market and negotiable debt securities		9,180.7	9,961.2
Bonds		1,961.0	150.4
Other liabilities	13	392.1	348.9
Accrued expenses	13	941.0	873.2
Provisions	14	175.9	139.1
Subordinated debt	15	672.7	482.0
Shareholders' equity	16	2,021.9	1,795.1
Subscribed capital		890.3	890.3
Additional paid-in capital		10.4	10.4
Reserves		893.2	636.4
Regulated provisions		0.8	0.8
Retained earnings		0.3	0.4
Net income		226.9	256.8
TOTAL		**39,748.3**	**31,585.0**

Off-balance sheet items

(in EUR millions)	Notes	31/12/2011	31/12/2010
Loan commitments received		796.0	1,921.8
From banks		796.0	1,921.8
Guarantee commitments received		8,122.7	7,359.6
From banks		8,122.7	7,359.6
Securities commitments received		4.0	2.8
Securities sold with option to repurchase or recover		-	-
Other commitments received		4.0	2.8
TOTAL COMMITMENTS RECEIVED	**17**	**8,922.7**	**9,284.2**

Income statement

(in EUR millions)	Notes	2011	2010
Interest and similar income		*941.5*	*795.2*
Interest and similar expenses		*-378.9*	*-231.7*
Net interest and similar income (expenses)	20	562.6	563.5
Income from equity securities	20	139.6	115.6
Fee income		*494.2*	*487.3*
Fee expenses		*-56.2*	*-53.6*
Net fee income (expenses)	21	438.0	433.7
Gains or losses on trading portfolio transactions	20	-4.1	-50.0
Gains or losses on investment portfolio and similar transactions	20	-56.2	7.9
Other banking income		*12.2*	*13.1*
Other banking expenses		*-12.9*	*-13.4*
Net other banking income (expenses)		-0.7	-0.3
NET BANKING INCOME	19	1,079.2	1,070.4
Personnel expenses	23	-413.2	-427.7
Other operating expenses	24	-215.3	-197.4
Amortisation and depreciation expense on intangible and tangible fixed assets	24	-57.9	-62.3
Operating expenses, depreciation and amortisation expense	22	-686.4	-687.4
GROSS OPERATING INCOME		392.8	383.0
Cost of risk	25	-107.9	-84.7
OPERATING INCOME		284.9	298.3
Gains or losses on fixed assets	26	0.5	4.6
PRE-TAX PROFIT		285.4	302.9
Exceptional income		-	-
Income tax	27	-58.5	-46.1
Net allocation to regulated provisions		-	-
NET INCOME		**226.9**	**256.8**

Notes to the individual financial statements

NOTE 1 Accounting Principles and Valuation Methods

Crédit du Nord's individual financial statements were drawn up in accordance with the provisions of CRB (French Banking Regulation Committee) Regulation No. 91-01 applicable to credit institutions, and the generally accepted accounting principles used in the French banking profession. The presentation of the financial statements complies with the provisions of CRC (French Accounting Regulation Committee) Regulation No. 2000-03 relating to the individual financial statements of companies under the authority of the CRBF (French Banking and Financial Regulation Committee), amended by CRC Regulation No. 2005-04 of November 3, 2005.

Changes to accounting policies in 2011

There were no changes to Crédit du Nord's accounting policies in 2011.

Due from banks and customers

Amounts due from banks and customers are recorded on the balance sheet at face value. They are classified according to their initial duration or type into: demand (current accounts and overnight transactions) and term accounts in the case of banks; customer receivables, current accounts and other loans in the case of customers.

Amounts due from banks and customers include outstanding loans and repurchase agreements, for which the securities are not delivered, entered into with these counterparties.

Accrued interest on these amounts is recorded as related receivables through profit or loss.

Amounts due to banks, customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (deposits, current accounts) and term accounts in the case of banks; and special savings accounts and other deposits in the case of customers. Amounts due to banks and customer deposits include repurchase agreements for which the securities are not delivered.

Accrued interest on these amounts is recorded as related payables through profit or loss.

Debt securities

These liabilities are broken down into medium-term notes, savings bonds, negotiable debt instruments, bonds and other debt securities (with the exception of subordinated notes, which are classified under subordinated debt).

Interest accrued is booked as related payables through profit or loss. Bond issuance and redemption premiums are amortised using the actuarial method over the life of the related borrowings. The resulting charge is recognised as interest expenses through profit or loss.

Subordinated debt

This item includes all dated or undated subordinated borrowings, which, in the event of the liquidation of the borrower, may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of subordinated debt, if any, is booked as related payables and as an expense on the income statement.

Impairment of individual outstanding loans due to probable credit risk

In accordance with CRC Regulation No. 2002-03 published on December 12, 2002, if a loan is considered to bear a probable risk that all or part of the sums owed by the counterparty under the initial terms and conditions of the loan agreement will not be recovered, and notwithstanding the existence of loan guarantees, the loan in question is classified as doubtful. In any event, outstanding loans are reclassified as doubtful where one or more payments is at least three months overdue (six months for real estate and property loans, nine months for municipal loans), or where, any missed payments notwithstanding, there is a probable risk of loss or where a loan is disputed.

Unauthorised overdrafts are classified as doubtful loans after a period of no more than three uninterrupted months during which the account limits are exceeded (limits of which individual customers are notified; limits resulting from legal or de facto agreements with other categories of customers).

Where a given borrower's loan is classified as a «doubtful loan», any other loans and commitments of the same borrower are also automatically classed as doubtful, regardless of any guarantees.

Doubtful loans and non-performing loans give rise to impairment for the probable portion of doubtful and non-performing loans that will not be recovered, and are recorded as an asset write-down. The amount of the impairment loss for doubtful and non-performing loans is equal to the difference between the book value of the asset and the present value discounted for estimated recoverable future cash flows, taking into account the value of any guarantees, discounted at the original effective interest rate of the loans. The impaired receivable subsequently generates interest income, calculated by applying the effective interest rate to the net book value of the receivable. Impairment allowances and reversals, losses on non-recoverable loans and amounts recovered on impaired loans are booked under «Cost of risk».

Doubtful loans can be reclassified as performing loans once there is no longer any probable credit risk and once payments have resumed on a regular basis according to the initial contractual schedule. Moreover, doubtful loans which have been restructured may be reclassified as performing.

In the event the creditworthiness of the borrower is such that after a reasonable period of classification in doubtful loans, a reclassification to performing loan status is no longer plausible, the loan is individually classified as a non-performing loan. This status is conferred at close-out or upon cancellation of the loan agreement and, in any event, one year following classification in doubtful loans, with the exception of doubtful loans for which the contractual clauses are respected and/or doubtful loans with valid enforceable guarantees. Restructured loans for which the borrower has not respected the payment schedules are also classified as non-performing loans.

Performing loans under watch

Within the «Performing loan» risk category, Crédit du Nord has created a subcategory called «Performing loans under watch» to cover loans/receivables requiring closer supervision. This category includes loans/receivables where certain evidence of deterioration has appeared since they were granted.

The Group conducts historical analyses to determine the rate of classification of these loans/receivables as doubtful and the impairment ratio, and updates these analyses on a regular basis. It then applies these figures to homogeneous groups of receivables in order to determine the amount of impairment.

Impairment due to sector credit risk

This type of impairment is not made on an individual loan basis, but covers several classes of risk, including regional sector risk (global risk in sectors of the regional economy impaired by specific adverse business conditions). Crédit du Nord's Central Risk Division regularly lists the business sectors that it considers to represent a high probability of default in the short term due to recent events that may have caused lasting damage to the sector. A rate of classification as doubtful loans is then applied to the total outstanding in these sectors in order to determine the volume of doubtful loans. Impairments are then booked for the overall amount of these outstanding loans, using impairment ratios which are determined according to the historical average rates of doubtful customers, adjusted to take into account an analysis of each sector by an independent expert on the basis of the economic environment.

Securities portfolio

Securities are classified according to their type (Treasury notes and assimilated, bonds and other fixed-income securities, shares and other equity securities) and according to the purpose for which they were required (trading, short-term investment, investment, equity investments and subsidiaries, other long-term investment securities, shares intended for portfolio activity).

Sales and purchases of securities are recognised in the balance sheet at the date of settlement-delivery.

In accordance with the provisions of amended CRB Regulation No. 90-01 relating to the accounting treatment of securities transactions, as amended by CRC Regulation No. 2008-17, the rules for classifying and evaluating each portfolio category are as follows:

Trading securities

Trading securities include all positions taken on liquid markets with the intention of reselling the securities or of selling them to customers in the short term. At the close of the fiscal year, the securities are measured at market value. The net balance of differences resulting from price changes is recorded to income.

Trading securities are recorded on the balance sheet at cost, net of expenses.

Trading securities no longer held for sale in the short term, no longer held for market making purposes, or for which the specialised portfolio management strategy for which they are held no longer offers a recent profit-taking profile in the short term, may be transferred to the «Short-term investment securities» or «Investment securities» category if:

- an exceptional market situation requires a change in holding strategy;
- or if the fixed-income securities can no longer be traded on an active market following their acquisition, and if Crédit du Nord intends and is able to hold them for the foreseeable future or until their maturity.

Transferred securities are recorded in their new category at their market value at the date of transfer.

Short-term investment securities

This category includes securities which are not included with trading securities, investment securities, equity investments and subsidiaries, other long-term investment securities or shares intended for portfolio activity.

Short-term investment securities are recorded at the acquisition cost, net of expenses. Accrued interest at the time of purchase is recorded as related receivables. The difference between the value on the date of acquisition and the redemption value of these securities is spread prorata over the period remaining to the date of redemption. This difference is spread out using the actuarial method.

At year-end, the value of the securities is estimated on the basis of the most recent price in the case of listed securities, or according to probable market value in the case of unlisted securities. Unrealised capital losses resulting from this valuation are amortised, while unrealised capital gains are not recorded.

Short-term investment securities can be reclassified as «Investment securities» if:

- an exceptional market situation requires a change in holding strategy;
- or if the fixed-income securities can no longer be traded on an active market following their acquisition, and if Crédit du Nord intends and is able to hold them for the foreseeable future or until their maturity.

Investment securities

Investment securities include fixed-income securities purchased with the intention of holding them until maturity and financed by allocated permanent resources. The difference between the value on the date of acquisition and the redemption value of these securities is spread out prorata over the period remaining to the date of redemption. This difference is spread out using the actuarial method.

At the balance sheet date, unrealised losses are determined by a book-to-market value comparison but are not amortised. Unrealised gains are not recorded.

Equity investments and subsidiaries

Equity investments and subsidiaries include the securities of companies in which a significant fraction of capital (10%-50% for affiliates, over 50% for subsidiaries) is held over the long term. These investments are recorded at cost, excluding acquisition expenses.

At year-end, the value of the securities is estimated on the basis of their value in use, derived mainly using the net asset value method. Unrealised capital losses are amortised, while potential capital gains are not recorded.

Other long-term investment securities

Other long-term investment securities include investments made by Crédit du Nord in order to foster the development of lasting business relationships by creating a special link with the issuing company without exercising any influence on its management due to the small percentage of voting rights attached to said investments.

At year-end, the value of the securities is estimated on the basis of their value in use, derived mainly using the net asset value method. Unrealised capital losses are amortised, while potential capital gains are not recorded.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realising a capital gain in the medium term and without making a long-term investment in the development of the issuing company, or participating actively in its operational management. This category notably includes shares held for venture capital activities.

These securities are recognised at their acquisition cost, net of any expenses. At year-end, they are valued at their useful value, which is determined by taking into account the issuer's general growth prospects and the projected holding period. The useful value of listed securities is determined by referring to the stock market price over a sufficiently long period and by taking into account the projected holding period. Unrealised capital losses resulting from this valuation are amortised, while unrealised capital gains are not recorded.

Securities lending and borrowing

Loaned securities are removed from the asset line item in which they appeared. A receivable equal to the book value of the loaned securities is recognised. At year-end, this receivable is valued according to the rules applicable to the original portfolio from which the securities were loaned.

Borrowed securities are recorded to assets under the appropriate line item, while a debt of securities vis-à-vis the lender is recorded to liabilities. At year-end, borrowed securities appearing in assets follow the accounting rules applicable to trading securities. Conversely, debt recorded to liabilities is valued at marked to market. Income generated by securities lending or borrowing is recorded on a prorata basis on the income statement.

Securities with repurchase or resale options

The amount of the repurchase agreement (the security sales price) is recorded to assets (securities purchased) or liabilities (securities sold). Income from repurchase agreements is recorded on a prorata basis on the income statement.

Securities pledged remain as originally booked to assets and are valued according to the rules applicable to the portfolio to which they belong. Income relating to these securities is also recorded as if the securities were still in the portfolio. Likewise, securities purchased in this manner are not included in the bank's securities portfolio.

Income from the securities portfolio

Income from stocks, dividends and interim dividends is recognised as it is received. Income from bonds is booked to income on a prorata basis. Interest accrued at the time of purchase is entered in a deferred income account.

Income from securities disposals

Capital gains and losses are calculated on the basis of the gross value of securities sold, with any sales fees therein deducted from the proceeds of the disposal.

Tangible and intangible fixed assets

Fixed assets purchased before December 31, 1976 are booked at their estimated value in use in accordance with the legal revaluation rules published in 1976, while fixed assets acquired after that date are entered at cost.

Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment grants received are subtracted from the cost of the relevant assets.

Software developed internally is capitalised and depreciated, in the same way as business software, if it stems from an IT project involving significant amounts declared as strategic by Crédit du Nord, which expects it to yield future benefits. In accordance with Note No. 31 issued in 1987 by the CNC (French National Accounting Board), fixed costs correspond solely to the costs related to the detailed design, programming, testing of the software, and to the production of the technical documentation.

As soon as they are fit for use, fixed assets are depreciated over their useful life using the straight-line method. Any residual value of the asset is deducted from its depreciable amount.

Where one or more components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life. Crédit du Nord has applied this approach Depreciation periods for other categories of fixed assets depend on their useful life, usually estimated in the following ranges:

Infrastructures	Major structures	50 years
	Doors and windows, roofing	20 years
	Walls	30 years
Technical installations	Elevators	10 to 30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, smoke extraction	
	Heating	
	Security and surveillance installations	
	Plumbing, piping	
	Fire safety equipment	
Fixtures & fittings	Finishings, dry wall, edging	10 years

Depreciation periods for other categories of fixed assets depend on their useful life, usually estimated in the following ranges:

Safety and advertising equipment	5 years
Transport equipment	4 years
Furniture	10 years
IT and office equipment	3 to 5 years
Software, developed or acquired	3 to 5 years

These depreciation periods are listed as an indication only and may vary depending on specific features of the fixed asset.

Land, lease rights and business premises are not depreciated.

Fixed assets are subject to impairment tests whenever there is an indication that their value may have diminished. Where an impairment loss is booked to the income statement, it can be reversed if there is a change in the conditions that initially led to it being recognised. The impairment loss reduces the depreciable amount of the asset and therefore also affects its future depreciation schedule.

The useful life and the residual value of fixed assets are reviewed annually. If these values require revision, the depreciation schedule is modified accordingly.

Provisions

Provisions, excluding those related to employee benefits and loans, represent liabilities, the timing or amount of which cannot be precisely determined. Provisions are booked where the Group has a commitment to a third party which makes it probable or certain that it will incur an outflow of resources to this third party without receiving at least an equivalent value in exchange. The estimated amount of the expected outflow is then discounted to present value to determine the size of the provision, where this discounting has a significant impact.

Equalisation provisions are classified by type in the relevant income statement.

Commitments under home savings accounts

Home savings accounts and plans are savings schemes for individual customers (in accordance with Law No. 65-554 of July 10, 1965), which combine an initial deposit phase in the form of an interest-earning savings account with a lending phase where the deposits are used to provide property loans. By regulation, this latter phase is subject to the previous existence of the savings phase and is therefore inseparable from it. The deposits collected and loans granted are booked at amortised cost.

These instruments generate two types of commitments for Crédit du Nord: the obligation to subsequently lend to the customer at an interest rate established upon the signing of the agreement, and the obligation to pay interest on the customer's savings in the future at an interest rate set upon the signing of the agreement, for an indefinite period.

Commitments with future adverse effects for Crédit du Nord are subject to provisions booked as balance-sheet liabilities, any changes in which are recorded on the interest margin line under «Net Banking Income». These provisions relate exclusively to commitments under home savings accounts and schemes existing at the date of the provision's calculation.

Provisions are calculated for each generation of home savings schemes, on the one hand, with no netting between the different generations of schemes, and for all home savings accounts taken together, which constitutes a single all-encompassing generation, on the other hand.

During the savings phase, provisions are calculated according to the difference between average expected outstanding savings and minimum expected outstanding savings, both of which are determined statistically based on historic observations of actual customer behaviour.

During the lending phase, provisions are calculated according to loans already issued but not yet due at the balance sheet date, as well as future loans considered as statistically probable on the basis of customer savings deposits on the balance sheet at the date of calculation and on historic observations of actual customer behaviour.

A provision is booked if the discounted value of expected future earnings for a given generation of home savings products is negative. These results are measured on the basis of interest rates available to individual customers for equivalent savings and loan instruments, with similar estimated life and date of inception.

Transactions in forward financial instruments or options

Interest rate swaps

This category covers all transactions relative to swaps, FRAs, caps, floors, collars and interest rate options, accounted for under amended CRB Regulation No. 90-15.

From origination, these contracts are classified in four separate categories and recorded in separate accounts. The risks and income/expenses relative to each category are subject to specific monitoring:

a) contracts whose purpose is to maintain open positions in order to benefit from potential interest rate fluctuations. All relative income and expenses are booked to the income statement on a prorata basis. Unrealised losses, determined by a book to-market value comparison, are provisioned. Unrealised gains are not recorded;

b) contracts whose purpose is to hedge interest rate risk affecting one specific item or a homogeneous set of items (also called «microhedges»). All relative income and expenses are booked to the income statement on a prorata basis in the same manner as those relating to the hedged item. The same applies to unrealised gains and losses;

c) contracts whose purpose is to hedge and manage the institution's global interest rate risk (also called «macrohedges»). All relative income and expenses are booked to the income statement on a prorata basis. Unrealised gains and losses, determined by a book-to-market value comparison, are not recorded;

d) contracts whose purpose is to specifically manage a trading portfolio. All relative income and expenses are booked to income symmetrically with income and expenses relating to trades made in the opposite direction. This symmetry is respected by valuing the contracts at market value and by recording changes in value from one closing date to the next.

Other forward financial instruments

This category covers futures, Matif contracts, and exchange-traded interest rate and forex options, which are booked in accordance with amended CRB Regulation No. 88-02.

Margin calls paid or received on futures and Matif contracts of a speculative nature, or on contracts used to hedge marked-to-market positions, are recorded directly to income.

In the event these contracts are used to hedge non marked-to-market items, margin calls are recorded in suspense accounts so that, when the contracts are unwound, they can be allocated on a prorata basis over the remaining life of the hedged transactions.

Premiums paid or received are entered in suspense accounts.

Premiums on unexpired and unexercised exchange-traded options are re-valued on the closing date. Revaluations are treated in the same manner as margin calls.

At the time of expiration or exercise of the option, premiums are either recorded immediately to income (speculative options, hedge options on marked-to-market items), or distributed on a prorata basis over the residual life of the hedged transactions (hedge options on non marked-to-market items).

Foreign exchange transactions

On the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted into euros at the prevailing spot rate. Realised or unrealised foreign exchange losses or gains are recognised in profit or loss.

Foreign exchange contracts are valued at the spot rate at the balance sheet date. Forward contracts are valued using the forward exchange rate for the remaining maturity, and variations in fair value are recorded on the income statement.

Guarantees given and received

Guarantees given at the request of customers or banks are recorded as off-balance sheet items in the amount of the commitment. For guarantees received, only those from lending institutions, States, government administrations and local authorities are recorded.

Off-balance sheet guarantees and endorsements correspond to irrevocable cash loan commitments and guarantee commitments which did not give rise to any fund activity.

Where necessary, these financing guarantees and commitments are subject to provisions.

Employee benefits

Crédit du Nord has opted to apply CNC Recommendation 2003-R01, relative to the rules for booking and evaluating pension commitments and other related benefits.

Pension commitments and benefits

Commitments under statutory pension systems are covered by contributions paid to independent pension funds, which then manage payment of all retirement benefits.

All commitments under defined benefit plans are valued using an actuarial method.

Said plans cover several types of benefit obligations, notably residual complementary benefits afforded by specialist pension funds. Following the Branche agreement of February 25, 2005, which provided for the amendment of the provisions relating to complementary benefits, and in light of the negative balance of its pension fund, Crédit du Nord signed an internal agreement in 2006 setting forth the following provisions:

- for beneficiaries of complementary benefits still in the employ of Crédit du Nord, the value of the complementary benefits was transferred to a supplementary savings plan outsourced to an insurer;
- retirees and beneficiaries of a survivor's pension were given a choice of opting for a single lump-sum payment of their complementary benefits.

Any residual benefit liabilities are therefore linked to retirees and beneficiaries of a survivor's pension who did not opt for a single lump-sum payment of their complementary benefits, on the one hand, and to beneficiaries no longer employed with Crédit du Nord, on the other.

Crédit du Nord's benefit obligations are estimated twice a year by an independent actuary, with the valuation of December 31 calculated on the basis of data as at

August 31. These benefit obligations and the funding thereof as well as the main underlying assumptions therein are outlined in the notes to the balance sheet.

Employee benefits also include end-of-career benefits, complementary retirement plans and post-employment medical care and life insurance. These commitments and the coverage thereof, as well as the main underlying assumptions therein, are outlined in the notes to the financial statements. Liabilities are measured by an independent actuary using the projected unit credit method, twice a year, with the valuation of December 31 calculated on the basis of data as at August 31.

In accordance with Note 2004/A dated January 21, 2004 of the Emergency Committee of the CNC, the Group uses the straight-line method over the average residual working lives of employee beneficiaries to account for the amendments linked to Law No. 2003-775 of August 21, 2003 governing pension reforms.

«Actuarial gains and losses», determined on a plan by plan basis, include, on the one hand, the effects of differences between previous actuarial assumptions and what has actually occurred, and, on the other, the effects of changes in actuarial assumptions. In the specific case of pension benefits, these differences are only booked in part on the income statement where they exceed 10% of the discounted value of the commitment (referred to as the “corridor” method). The proportion of said booked differences is equal to the surplus defined above divided by the average residual working lives of the beneficiaries. If a plan has plan assets, these are valued at fair value at the balance sheet date.

Other long-term benefits

Crédit du Nord’s personnel can also benefit from time savings accounts as well as from various seniority bonuses. These benefits are calculated according to the same actuarial method described above and are provisioned in full, as are any actuarial differences. These benefit obligations and the funding thereof, as well as the main underlying assumptions therein, are outlined in the notes to the financial statements. The estimation of benefit obligations is performed by an independent actuary once a year. For commitments excluding time savings accounts, the valuation of December 31 is calculated on the basis of data as at August 31. For commitments excluding time savings accounts, the valuation of December 31 is calculated on the basis of data as at December 31.

Interest and fee income

Interest and similar fee income are recorded on the income statement on a prorata basis.

Fees are booked according to the type of services to which they relate.

Fees for one-off services are booked to income when the service is provided.

Fees for continuous services are booked over the life of the service rendered.

Commissions that are part of the effective return of a financial instrument are accounted for as an adjustment to the effective return of the financial instrument.

Taxes

All taxes (excluding income tax) whose assessment refers to items for the fiscal year in question are recognised as expenses for said year, whether or not the tax was actually paid during the course of the fiscal year.

Current income tax

In France, standard corporate income tax is 33.33%. Added to this are a social security contribution of 3.3% (after deduction from taxable income of EUR 0.763 million) and, as from 2011, an additional 5% tax for companies generating revenue in excess of EUR 250 million. Since January 1, 2007, long-term capital gains on equity investments in companies operating predominantly in the real estate sector have been taxed at 15%, while capital gains on other equity investments are tax exempt, subject to a share for fees and expenses of 10% of net income on capital gains during the fiscal year. In addition, under the regime of parent companies and subsidiaries, dividends received from companies in which the equity investment is at least 5% are tax-exempt (with the exception of a share for fees and expenses equivalent to 5% of the dividends paid).

Tax credits arising in respect of revenues from receivables and security portfolios, when they are effectively used for the settlement of corporate tax due for the fiscal year, are booked under the same line item as the revenues to which they relate. The corresponding income tax expense is kept in the income statement under «Income tax».

Deferred tax

Crédit du Nord records deferred taxes in its parent company financial statements.

Deferred taxes are recognised in the event a temporary difference is detected between the restated book values and the tax values of balance sheet items. Deferred taxes are calculated using the liability method. Accordingly, they are adjusted whenever there is a change in the tax rate. The corresponding impact is added to/subtracted from the deferred tax expense. Net deferred tax assets are recognised where there is a possibility of recovery over a given time period.

Deferred taxes are calculated based on a tax rate which has been voted or almost voted and should be in effect at the time when the temporary difference will reverse. If there is a change in the tax rate, the corresponding impact is booked under «Income tax» on the income statement.

Since January 1, 2010, Crédit du Nord has been included in Société Générale’s tax consolidation scope. Therefore, a tax consolidation sub-group has been set up between Crédit du Nord and some of subsidiaries in which it holds a direct or indirect ownership interest of at least 95%. The convention adopted is that of neutrality.

NOTE 2 Due from banks

(in EUR millions)	31/12/2011	31/12/2010
Demand and overnight accounts	2,237.4	3,139.2
Related receivables	0.3	0.3
Total demand receivables	2,237.7	3,139.5
Term accounts	7,761.8	2,862.7
Subordinated loans	86.2	83.4
Doubtful loans (1)	0.5	0.5
Related receivables	17.3	13.9
Total term receivables	7,865.8	2,960.5
GROSS AMOUNT (1)	**10,103.5**	**6,100.0**
Impairment	-0.5	-0.5
NET AMOUNT	**10,103.0**	**6,099.5**
(1) including non-performing loans	*0.5*	*0.5*

Of the total amount due from banks, the following were intra-Group transactions:

(in EUR millions)	31/12/2011	31/12/2010
Transactions with Crédit du Nord Group	5,984.0	2,536.4
Transactions with Société Générale Group	2,854.7	1,970.3
TOTAL	**8,838.7**	**4,506.7**

NOTE 3 Transactions with customers

(in EUR millions)	31/12/2011	31/12/2010
Commercial loans	305.9	258.5
Doubtful commercial loans	54.4	48.0
Related receivables	0.3	0.3
Total commercial loans	360.6	306.8
Short-term loans	1,226.7	1,279.1
Capital expenditure loans	3,540.6	3,299.9
Home loans	10,002.8	8,691.3
Other loans	1,381.4	1,276.6
Other doubtful loans	672.8	625.5
Subordinated loans and equity securities	8.3	8.8
Non-allocated stock	25.2	89.9
Related receivables	34.1	33.3
Total other customer loans	16,891.9	15,304.4
Overdrafts	966.9	702.3
Doubtful overdrafts	208.6	221.0
Related receivables	12.5	11.1
Total overdrafts	1,188.0	934.4
GROSS AMOUNT (1)	**18,440.5**	**16,545.6**
Impairment	-493.3	-481.9
NET AMOUNT	**17,947.2**	**16,063.7**
Securities received under repurchase agreements	-	-
TOTAL (2)(3)	**17,947.2**	**16,063.7**
Non-performing loan impairment rate:	*52.7%*	*53.9%*
(1) Including non-performing loans	*579.8*	*578.0*
(2) Including receivables pledged as security	*5 986.0*	*3 011.0*
(3) Including receivables eligible as collateral for Banque de France financing	*1 561.7*	*954.9**

* *Amount adjusted in relation to the financial statements published at December 31, 2010*

NOTE 4 Securities portfolio

(in EUR millions)	31/12/2011	31/12/2010
Trading securities	4.0	0.1
Short-term investment securities	7,054.7	5,916.4
Investment securities	53.8	62.7
TOTAL	**7,112.5**	**5,979.2**

Breakdown by portfolio

	31/12/2011			31/12/2010		
(in EUR millions)	Listed	Unlisted	Total	Listed	Unlisted	Total
Trading securities						
Treasury notes and assimilated	-	-	-	-	-	-
Bonds and other fixed-income securities	-	4.0	4.0	-	0.1	0.1
Shares and other equity securities	-	-	-	-	-	-
SUB-TOTAL (1)	**-**	**4.0**	**4.0**	**-**	**0.1**	**0.1**
Short-term investment securities(*)						
Treasury notes and assimilated	1,011.2	-	1,011.2	1,143.5	-	1,143.5
Bonds and other fixed-income securities	53.5	6,052.1	6,105.6	88.2	4,710.1	4,798.3
Shares and other equity securities	0.1	3.5	3.6	0.1	3.7	3.8
Write-downs	-24.7	-65.6	-90.3	-27.6	-14.0	-41.6
SUB-TOTAL (2)	**1,040.1**	**5,990.0**	**7,030.1**	**1,204.2**	**4,699.8**	**5,904.0**
Investment securities						
Treasury notes and assimilated	-	-	-	-	-	-
Bonds and other fixed-income securities	33.4	26.2	59.6	42.2	26.2	68.4
Shares and other equity securities	-	-	-	-	-	-
Write-downs	-	-2.0	-2.0	-	-2.0	-2.0
SUB-TOTAL (3)	**33.4**	**24.2**	**57.6**	**42.2**	**24.2**	**66.4**
TOTAL (1)+(2)+(3)	**1,073.5**	**6,018.2**	**7,091.7**	**1,246.4**	**4,724.1**	**5,970.5**
Related receivables (4)			20.8			8.7
TOTAL (1)+(2)+(3)+(4) (**)			**7,112.5**			**5,979.2**
(*) Including securities eligible as collateral for Eurosystem central bank financing			*4,011.2*			*1,142.5*
(**) Including:						
Treasury notes and assimilated			*1,016.7*			*1,144.3*
Bonds and other fixed-income securities			*6,095.2*			*4,834.2*
Shares and other equity securities			*0.6*			*0.7*

Additional information on securities

Short-term investment portfolio

	31/12/2011	31/12/2010
Estimated value of short-term investment securities		
Unrealised capital gains	8.2	8.3
• Unrealised capital gains on shares and other equity securities	4.1	3.5
• Unrealised capital gains on bonds and other fixed-income securities	4.1	4.8
Shares of UCITS held	-	-
Subordinated securities	46.8	81.8
Premiums and discounts related to short-term investment securities	-13.2	-0.3

Investment portfolio

The investment portfolio is wholly comprised of OBSAARs (bonds with redeemable and/or acquisition warrants): two partial redemptions were recorded in 2011 for EUR 9.4 million (excluding related receivables).

NOTE 5 Equity investments and subsidiaries

(in EUR millions)	31/12/2011	31/12/2010
Equity investments and other long-term investment securities	93.8	93.7
Shares in affiliates	1,675.5	1,675.5
TOTAL	**1,769.3**	**1,769.2**

The equity investments and subsidiaries portfolio changed as follows:

(in EUR millions)	Short-term investment securities	Other long-term investment securities	Real estate investment companies	Total
Gross book value				
Amount at December 31, 2010	1,701.6	68.2	0.2	1,770.0
Investments	-	2.1	-	2.1
Disposals	-1.9	-0.2	-	-2.1
Other changes	-	0.1	-	0.1
Amount at December 31, 2011	1,699.7	70.2	0.2	1,770.1
Write-downs				
Amount at December 31, 2010	0.8	-	-	0.8
Allocations to provisions	-	-	-	-
Reversals	-	-	-	-
Other changes	-	-	-	-
Amount at December 31, 2011	0.8	-	-	0.8
NET VALUE AT DECEMBER 31, 2011	**1,698.9**	**70.2**	**0.2**	**1,769.3**

NOTE 6 Fixed assets

(in EUR millions)	31/12/2011	31/12/2010
Operating fixed assets		
Land and buildings	111.6	101.7
Other tangible fixed assets	84.6	91.2
Developed intangible fixed assets	87.7	84.9
Other intangible assets	25.4	27.8
Net value of operating fixed assets	309.3	305.6
Fixed assets (excluding operating fixed assets)		
Land and buildings	0.7	0.7
Other tangible fixed assets	0.7	0.9
Net value of fixed assets (excluding operating fixed assets)	1.4	1.6
FIXED ASSETS	**310.7**	**307.2**

	Tangible operating fixed assets		Tangible fixed assets [1] (excl. op. fixed assets)	Intangible fixed assets		
(in EUR millions)	Land & Buildings	Others		Developed	Acquired	Total
Gross book value						
Amount at December 31, 2010	144.6	404.1	6.8	224.9	100.8	881.2
Inflows	4.6	27.7	-	28.0	1.8	62.1
Outflows	-0.1	-1.6	-	-	-	-1.7
Other changes	10.2	-23.4	-	-0.5	-0.1	-13.8
Amount at December 31, 2011	159.3	406.8	6.8	252.4	102.5	927.8
Depreciation and amortisation						
Amount at December 31, 2010	42.9	312.9	5.2	140.0	73.0	574.0
Allocations during fiscal year 2011 (see Note 24)	5.0	23.5	0.2	25.3	4.1	58.1
Depreciation and amortisation relating to asset disposals	-0.1	-1.5	-	-	-	-1.6
Other changes	-0.1	-12.7	-	-0.6	-	-13.4
Amount at December 31, 2011	47.7	322.2	5.4	164.7	77.1	617.1
NET VALUE AT DECEMBER 31, 2011	**111.6**	**84.6**	**1.4**	**87.7**	**25.4**	**310.7**

(1) Allocations to depreciation and amortisation of fixed assets (excluding operating fixed assets) are included in «Net Banking Income».

IT investments totalled EUR 29.8 million in 2011, up 34.2% over 2010 and accounting for 48.0% of total investments in 2011. Within this investment category, EUR 28 million in development expenses for certain major IT software projects were capitalised in 2011 versus EUR 19.8 million in 2010, of which EUR 25.4 million from “Other expenses” (see Note 24) and EUR 2.6 million from“Personnel expenses” (see Note 23).

NOTE 7 Accruals and other accounts receivable

(in EUR millions)	31/12/2011	31/12/2010
Other assets	**277.7**	**249.9**
Sundry debtors	198.4	182.5
Premiums on derivatives purchased	53.5	42.4
Guarantee deposits paid	25.1	22.4
Others	0.7	2.6
Accruals and other accounts receivable	483.9	453.0
Securities received for deposit	11.3	12.6
Deferred tax assets (mainly on provisions)	58.0	53.4
Income to be received	275.1	217.6
Prepaid expenses	15.1	24.2
Others	124.4	145.2
TOTAL	**761.6**	**702.9**

NOTE 8 impairment losses

Impairment losses classified as asset write-downs are as follows:

(in EUR millions)	31/12/2011	31/12/2010
Impairment of loans to banks (1)	0.5	0.5
Impairment of customer loans (2)	493.3	481.9
Write-downs on short-term investment securities	90.3	41.6
Write-downs on investment securities	2.0	2.0
Write-downs on equity investments and other long-term investment securities	0.8	0.8
TOTAL	**586.9**	**526.8**
(1) O/w impairment of non-performing loans to banks	*0.5*	*0.5*
(2) O/w impairment of non-performing loans to customers	*424.3*	*423.4*

Changes in impairment losses:

(in EUR millions)	Stock 31/12/2010	Allocations to provisions	Write-backs and use	Other changes	Stock 31/12/2011
Impairment of loans to banks	0.5	-	-	-	0.5
Impairment of customer loans	481.9	148.8	-137.4	-	493.3
Write-downs on short-term investment securities	41.6	58.1	-9.4	-	90.3
Write-downs on investment securities	2.0	-	-	-	2.0
Write-downs on equity investments and other long-term investment securities	0.8	-	-	-	0.8
TOTAL	**526.8**	**206.9**	**-146.8**	**-**	**586.9**
Changes in impairment losses impacting "Net Banking Income" (Note 19):		*58.1*	*-2.9*		
Changes in impairment losses impacting "Cost of Risk" (Note 25):		*148.8*	*-143.9*		
Changes in impairment losses impacting income from short-term investment securities (Notes 5 and 26):		*-*	*-*		

NOTE 9 Due to banks

(in EUR millions)	31/12/2011	31/12/2010
Demand and overnight accounts	524.1	1,382.8
Related payables	0.1	0.2
Total demand borrowings	524.2	1,383.0
Term accounts	7,441.9	2,617.1
Related payables	10.9	12.2
Total term borrowings	7,452.8	2,629.3
TOTAL	**7,977.0**	**4,012.3**

Of the total amount due to banks, the following were intra-Group transactions:

(in EUR millions)	31/12/2011	31/12/2010
Transactions with Crédit du Nord Group	1,507.9	757.3
Transactions with Société Générale Group	4,528.0	2,127.4
TOTAL	**6,035.9**	**2,884.7**

NOTE 10 Transactions with customers

(in EUR millions)	31/12/2011	31/12/2010
Demand special savings accounts	4,327.9	3,930.2
Term special savings accounts	1,129.1	1,133.9
Demand and overnight accounts		
Companies and individual entrepreneurs	4,842.9	4,581.5
Individual customers	3,020.5	2,983.5
Financial customers	12.8	6.6
Other	494.7	344.1
SUB-TOTAL	**8,370.9**	**7,915.7**
Term accounts		
Companies and individual entrepreneurs	1,568.9	371.7
Individual customers	58.4	39.7
Other	41.0	33.5
SUB-TOTAL	**1,668.3**	**444.9**
Securities sold under repurchase agreements, overnight	190.9	188.0
Securities sold under term repurchase agreements	657.4	156.2
Guarantee deposits	0.6	0.5
Related payables	71.7	42.3
TOTAL	**16,416.8**	**13,811.7**

NOTE 11 Home savings accounts and plans

A. Outstanding deposits accumulated in PEL/CEL accounts

(in EUR millions)	31/12/2011	31/12/2010
PEL accounts		
Less than 4 years old	385.4	173.2
Between 4 and 10 years old	333.1	405.0
More than 10 years old	231.1	354.7
SUB-TOTAL	**949.6**	**932.9**
CEL accounts	**160.5**	**160.3**
TOTAL	**1,110.1**	**1,093.2**

B. Outstanding housing loans granted with respect to PEL/CEL accounts

(in EUR millions)	31/12/2011	31/12/2010
Less than 4 years old	16.8	21.1
Between 4 and 10 years old	4.3	5.2
More than 10 years old	1.5	1.9
TOTAL	**22.6**	**28.2**

C. Provisions for commitments linked to PEL/CEL accounts [1]

(in EUR millions)	31/12/2011	31/12/2010
PEL accounts		
Less than 4 years old	-	-
Between 4 and 10 years old	2.3	4.1
More than 10 years old	7.0	7.4
SUB-TOTAL	**9.3**	**11.5**
CEL accounts	**-**	**-**
Drawn down loans	**0.6**	**0.7**
TOTAL	**9.9**	**12.2**

(1) These provisions are booked as allowances for general risk and commitments (see Note 14).

D. Methods used to establish the parameters for valuing provisions

The parameters used for estimating future customer behaviour are derived from historical observations of customer behaviour patterns over periods of between 10 and 15 years. The value of these parameters can be adjusted if any changes are subsequently made to regulations with the potential to undermine the reliability of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these factors for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from zero coupon swaps vs. the Euribor yield curve at the date of valuation, averaged over a 12-month period.

NOTE 12 Debt securities

(in EUR millions)	31/12/2011	31/12/2010
Savings certificates	7.5	9.2
Money market and negotiable debt securities	9,140.1	9,931.4
Bonds [(1)]	1,956.0	150.0
Related payables	47.3	32.1
TOTAL	**11,150.9**	**10,122.7**

(1) O/w EMTN issues totalling EUR 1,816.0 million in 2011 versus none in 2010.

NOTE 13 Accruals and other accounts payable

(in EUR millions)	31/12/2011	31/12/2010
Other accounts payable	**392.1**	**348.9**
Sundry creditors	236.6	187.9
Payments remaining on non-paid up securities [(1)]	70.4	84.8
Premiums on derivatives sold	34.4	20.5
Guarantee deposits received	48.2	52.7
Others	2.5	3.0
Accruals	**941.0**	**873.2**
Unavailable accounts in collection accounts	192.1	234.8
Deferred tax liabilities	197.0	197.9
Expenses payable	409.1	326.7
Deferred income	59.5	53.1
Others	83.3	60.7
TOTAL	**1,333.1**	**1,222.1**

(1) Main capital increases not fully paid up as of December 31, 2011: Hedin (EUR 13.5m) - Verthema (EUR 19.0m) - Nordenskiöld (EUR 27.1m) - Legazpi (EUR 9.6m).

NOTE 14 Provisions

The changes in provisions over fiscal year 2011 can be broken down as follows:

(in EUR millions)	Stock at 31/12/2010	Allocations to provisions	Reversals and use	Others changes	Stock at 31/12/2011
Provisions for post-employment benefits	36.4	6.7	-9.8	-0.2	33.1
Provisions for long-term benefits	22.4	4.2	-4.1	-	22.5
Provisions for other employee benefits	1.4	0.9	-0.3	-	2.0
Provisions for property risks	0.4	-	-0.1	-	0.3
Provisions for disputes with customers	7.9	3.8	-0.8	0.1	11.0
Impairment due to sector and other credit risk	26.5	10.7	-	-	37.2
Provisions for off-balance sheet commitments	25.9	39.8	-13.4	-	52.3
Provisions for PEL/CEL commitments	12.2	-	-2.3	-	9.9
Other provisions	6.0	1.9	-0.5	0.2	7.6
TOTAL	**139.1**	**68.0**	**-31.3**	**0.1**	**175.9**
Changes in provisions impacting "Net Banking Income" (Note 19):		*1.9*	*-2.2*		
Changes in provisions impacting "Operating expenses" (Note 23):		*11.8*	*-14.2*		
Changes in provisions impacting "Cost of risk" (Note 25):		*54.3*	*-14.9*		

NOTE 15 Subordinated debt

(in EUR millions)	31/12/2011	31/12/2010
Redeemable subordinated notes	316.0	476.0
Subordinated borrowings	350.0	-
Interest payable	6.7	6.0
TOTAL	**672.7**	**482.0**

Details of redeemable subordinated notes

June 2004 issue of a total of EUR 50m with the following characteristics:

Size:	EUR 50 million
Principal:	EUR 300
Number of notes:	166,667
Issue price:	99.87% of principal
Maturity:	12 years
Coupon:	4.70% of principal
Redeemable at par on:	June 14, 2016

July 2005 issue of a total of EUR 100m with the following characteristics:

Size:	EUR 100 million
Principal:	EUR 10,000
Number of notes:	10,000
Issue price:	100% of principal
Maturity:	10 years and 25 days
Coupon:	Principal x ((1+CNO-TEC 10 - 0,48%)^1/4 - 1)
Redeemable at par on:	July 25, 2015

October 2006 issue of a total of EUR 100m with the following characteristics:

Size:	EUR 100 million
Principal:	EUR 10,000
Number of notes:	10,000
Issue price:	100% of principal
Maturity:	10 years
Coupon:	4.38% of principal
Redeemable at par on:	October 18, 2016

November 2006 issue of a total of EUR 66m with the following characteristics:

Size:	EUR 66 million
Principal:	EUR 300
Number of notes:	220,000
Issue price:	100.01% of principal
Maturity:	12 years
Coupon:	4.15% of principal
Redeemable at par on:	November 6, 2018

For all redeemable subordinated notes, Crédit du Nord has placed a self-imposed ban on the early amortisation of subordinated notes via redemption, but reserves the right to carry out early amortisation via stock market purchases and the public offer of exchange or purchase of redeemable subordinated notes.

At December 31, 2011, the unamortised debit balance of the issue premiums of these borrowings stood at EUR 20,200.

Details of subordinated borrowings

Subordinated loan totalling EUR 350 million, taken out on March 22, 2011, with the following characteristics:

Loan amount:	EUR 350 million
Maturity:	10 years
Interest:	6M Euribor + 2%
Due date:	March 22, 2021

This loan can only be repaid at the borrower's initiative with the prior approval of the Secretary General of the ACP.

Interest paid on these subordinated debts amounted to EUR 27.7 million at December 31, 2011 versus EUR 25.0 million at December 31, 2010.

NOTE 16 Shareholders' equity

(in EUR millions)	31/12/2011	31/12/2010
Common stock [(1)]	**890.3**	**890.3**
Additional paid-in capital and reserves	**903.6**	**646.8**
Additional paid-in capital	10.4	10.4
Legal reserve	86.9	74.0
Ordinary reserve	806.0	562.0
Regulated reserve	0.3	0.4
Retained earnings	**0.3**	**0.4**
Net income	**226.9**	**256.8**
Regulated provisions	**0.8**	**0.8**
TOTAL	**2,021.9**	**1,795.1**

(1) Common stock is comprised of 111,282,906 shares, each with a par value of EUR 8.

The change in shareholders' equity can be broken down as follows:

(in EUR millions)	Common stock	Other shareholders' equity	Total
Shareholders' equity at December 31, 2010	**890.3**	**904.8**	**1,795.1**
Net income		226.9	226.9
Reversals of provisions and regulated reserves in accordance with current legislation		-0.1	-0.1
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011	**890.3**	**1,131.6**	**2,021.9**

Société Générale owned 100% of Crédit du Nord's capital at December 31, 2011. As a result, Crédit du Nord's accounts are fully consolidated in Société Générale's consolidated financial statements.

Proposed distribution of earnings

Net income for the period amounted to EUR 226,890,863.14.

Acting in accordance with the quorum and majority requirements established for Ordinary General Shareholders' Meetings, the Shareholders' Meeting resolved to allocate net income for the period amounting to EUR 226,890,863.14.

An amount of EUR 2,162,081.79 was subtracted from this amount for the purpose of raising the legal reserve from EUR 86,864,243.01 to EUR 89,026,324.80.

Earnings less the amount allocated to the legal reserve plus earnings carried forward from the previous period, i.e. EUR 284,059.81, resulted in total income available for distribution of EUR 225,012,841.16 which the Shareholders' Meeting resolved to allocate as follows:

- allocation of a dividend of EUR 222,565,812.00 to shareholders, giving a dividend per share of EUR 2.00;
- allocation of EUR 2,000,000.00 to the ordinary reserve;
- allocation of EUR 447,029.16 to retained earnings.

The ordinary reserve was therefore increased from EUR 806,000,000.00 to EUR 808,000,000.00.

NOTE 17 Off-balance sheet commitments

A. Financing commitments given and received

(in EUR millions)	31/12/2011	31/12/2010
Financing commitments to banks	1,037.9	905.2
Financing commitments to customers	2,837.0	3,015.1
Guarantee commitments to banks	226.7	252.2
Guarantee commitments to customers	2,846.5	2,904.8
Financing commitments from banks	796.0	1,921.8
Guarantee commitments from banks	8,122.7	7,359.6
Guarantee commitments from customers	50.0	86.2

B. Securities trading and foreign exchange transactions

(in EUR millions)	31/12/2011	31/12/2010
Securities transactions		
Securities to be received	4.0	2.8
Securities to be delivered	4.1	22.8
Securities acquired with option to repurchase or recover	-	-
Forward exchange transactions		
Currency to be received	4,836.0	5,707.8
Currency to be delivered	4,838.3	5,704.0

C. Forward financial instruments

(in EUR millions)	Trading	Speculative	Macro hedging	Micro hedging	Total 31/12/2011	Total 31/12/2010
Contract category under C.R.B. regulation 90/15	*D*	*A*	*C*	*B*		
Firm transactions						
On organised markets						
Futures	-	-	-	-	-	-
OTC						
Interest rate swaps	-	2,591.8	34,618.0	1,524.6	38,734.4	30,718.0
FRAs	-	-	-	-	-	-
Options						
On organised markets						
Interest rate options	-	-	-	-	-	-
Foreign exchange options	-	-	-	-	-	-
OTC						
interest rate options	-	-	-	-	-	-
Foreign exchange options	-	-	-	507.1	507.1	193.0
Other options	-	-	-	-	-	-
Caps	-	1,243.4	2,871.1	40.7	4,155.2	4,463.1
Floors	-	317.6	-	726.2	1,043.8	792.6
TOTAL	**-**	**4,152.8**	**37,489.1**	**2,798.6**	**44,440.5**	**36,166.7**

At year-end 2011, of all the off-balance sheet commitments detailed above, commitments with the Group stood at EUR 42,879.5 million (of which EUR 30,541.0 million with Société Générale Group and EUR 12,338.5 million with Crédit du Nord Group).

Note that, under current regulations, transactions processed on behalf of and on instruction of customers are classified as Category A (speculative), while any of their hedges are classified as Category C (macrohedges). Also note that Crédit du Nord does not manage trading portfolios.

Finally, in accordance with CRC Regulation 2004-16, the fair value of derivative financial instruments is shown in the table below:

(in EUR millions)	Trading	Speculative	Macro hedging	Micro hedging	Total 31/12/2011	Total 31/12/2010
Contract category under C.R.B. regulation 90/15	*D*	*A*	*C*	*B*		
Firm transactions						
On organised markets						
Futures	-	-	-	-	-	-
OTC						
Interest rate swaps	-	-3.7	167.9	58.7	222.9	19.5
FRAs	-	-	-	-	-	-
Options						
On organised markets						
Interest rate options	-	-	-	-	-	-
Foreign exchange options	-	-	-	-	-	-
OTC						
Interest rate options	-	-	-	-	-	-
Foreign exchange options	-	-	-	-0.2	-0.2	-0.1
Other options	-	-	-	-	-	-
Caps	-	-0.6	5.8	-	5.2	18.5
Floors	-	1.9	-	4.5	6.4	2.7
TOTAL	**-**	**-2.4**	**173.7**	**63.0**	**234.3**	**40.6**

NOTE 18 Benefit obligations – Employee Benefits

A. Post-employment defined contribution plans

Defined contribution plans limit Crédit du Nord's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

The main defined contribution plans provided to Crédit du Nord employees notably include State pension plans and national retirement plans such as ARRCO and AGIRC, pension schemes for which the only commitment is to pay annual contributions (PERCO) and multi-employer plans.

Expenses relating to these plans totalled EUR 39.8 million at December 31, 2011 vs. EUR 37 million at December 31, 2010.

B. Post-employment defined benefit plans and other long-term benefits

B1. Reconciliation of assets and liabilities recognised in the balance sheet

	31/12/2011				31/12/2010			
	Post-employment benefits				Post-employment benefits			
(in EUR millions)	Pension plans	Other plans	Other long-term benefits	Total plans	Pension plans	Other plans	Other long-term benefits	Total plans
Breakdown of provisions recorded in the balance sheet	17.7	15.4	22.5	55.6	21.2	15.2	22.4	58.8
Breakdown of assets recorded in the balance sheet	-	-	-	-	-	-	-	-
Net provisions	**17.7**	**15.4**	**22.5**	**55.6**	**21.2**	**15.2**	**22.4**	**58.8**
BREAKDOWN OF SURPLUS/DEFICIT								
Present value of defined benefit obligations	76.2	-	-	76.2	83.0	-	-	83.0
Fair value of plan assets	-53.4	-	-	-53.4	-57.5	-	-	-57.5
Balance of plan assets (A)	**22.8**	**-**	**-**	**22.8**	**25.5**	**-**	**-**	**25.5**
Present value of unfunded obligations (B)	**17.2**	**13.5**	**22.5**	**53.2**	**19.1**	**15.2**	**22.4**	**56.7**
Unrecognised items								
Unrecognised past service cost	0.9	-	-	0.9	1.0	-	-	1.0
Unrecognised net actuarial gain/loss	21.4	-1.9	-	19.5	22.4	-	-	22.4
Separate assets	-	-	-	-	-	-	-	-
Plan assets impacted by the change in asset ceiling	-	-	-	-	-	-	-	-
Total unrecognised items (C)	**22.3**	**-1.9**	**-**	**20.4**	**23.4**	**-**	**-**	**23.4**
BALANCE (A+B-C)	**17.7**	**15.4**	**22.5**	**55.6**	**21.2**	**15.2**	**22.4**	**58.8**

Notes :

1. For post-employment defined-benefit pension schemes, in accordance with IAS 19, Crédit du Nord Group uses the projected credit unit method to calculate employee benefits, and amortises actuarial gains and losses which exceed 10% of the greater between the defined benefit and 10% of the value of any plan assets over the estimated remaining working life of the employees participating in the plan (corridor method). Crédit du Nord uses the straight-line method over the remaining working lives of employee beneficiaries to recognise past service cost resulting from an amendment of the plan.
2. Post-employment retirement plans include plans offering pre- and post-retirement benefits in the form of annuities and termination benefits. Benefits in the form of annuities are paid in addition to the retirement benefits under State plans.
   Other post-employment benefit plans include life insurance plans.
   Other long-term employee benefits include deferred bonuses, including long-service benefits and flexible working provisions.
3. The present value of defined benefit obligations has been determined by qualified independent actuaries.
4. Information on plan assets:
   - only end-of-career benefits and additional complementary retirement plans are partially covered by assets managed by a company outside the Crédit du Nord Group;
   - the fair value of plan assets is comprised of 19.2% bonds, 63.6% equities and 17.2% money market funds
5. In general, the expected rates of return on plan assets are based on a weighted average of expected returns on each category of assets at fair value.
6. Benefits payable under post-employment plans in 2012 are estimated at EUR 11.2 million.

The actual rate of return on benefit plan and separate assets was:

(as % of the item measured)	31/12/2011	31/12/2010
Plan assets	-6.6	15.6
Separate assets	-	-

(in EUR millions)	31/12/2011	31/12/2010
Plan assets	-3.8	7.8
Separate assets	-	-

B2. Actuarial costs of plans

	31/12/2011				31/12/2010			
	Post-employment benefits				Post-employment benefits			
(in EUR millions)	Pension plans	Other plans	Other long-term benefits	Total plans	Pension plans	Other plans	Other long-term benefits	Total plans
Service cost (including social security contributions)	4.0	0.3	2.4	6.7	3.5	0.3	2.4	6.2
Employee contribution	-	-	-	-	-	-	-	-
Interest cost	3.7	0.6	0.8	5.1	4.2	0.8	0.9	5.9
Expected return on plan assets	-3.8	-	-	-3.8	-3.3	-	-	-3.3
Amortisation of past service cost	0.1	-	-	0.1	0.1	-	-	0.1
Amortisation of actuarial gains and losses	1.8	-	0.3	2.1	0.8	-	2.7	3.5
Changes in consolidation scope and other adjustments for the period	-	-	-	-	-	-	-1.2	-1.2
Settlement	-	-	-	-	-	-	-	-
TOTAL NET CHARGES RECOGNISED IN THE INCOME STATEMENT	**5.8**	**0.9**	**3.5**	**10.2**	**5.3**	**1.1**	**4.8**	**11.2**

B3. Changes in net liabilities of post-employment plans booked to the balance sheet

B3a. Changes in the present value of defined benefits obligations

	2011			2010		
(in EUR millions)	Pension plans	Other plans	Post-employment total	Pension plans	Other plans	Post-employment total
VALUE AT JANUARY 1	**102.1**	**15.2**	**117.3**	**99.9**	**14.6**	**114.5**
Service cost (including social security contributions)	4.0	0.3	4.3	3.5	0.3	3.8
Interest cost	3.7	0.6	4.3	4.3	0.8	5.1
Employee contributions	-	-	-	-	-	-
Actuarial gains and losses generated over the fiscal year	-6.8	-2.0	-8.8	8.2	0.1	8.3
Benefit payments	-9.6	-0.6	-10.2	-13.8	-0.6	-14.4
Past service cost generated over the fiscal year	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Transfers and other adjustments	-	-	-	-	-	-
VALUE AT DECEMBER 31	**93.4**	**13.5**	**106.9**	**102.1**	**15.2**	**117.3**

B3b. Changes in fair value of plan assets and separate assets

	2011			2010		
(in EUR millions)	Pension plans	Other plans	Post-employment total	Pension plans	Other plans	Post-employment total
VALUE AT JANUARY 1	**57.5**	**-**	**57.5**	**50.0**	**-**	**50.0**
Expected return on plan assets	3.8	-	3.8	3.3	-	3.3
Expected return on separate assets	-	-	-	-	-	-
Actuarial gains and losses generated over the fiscal year	-7.6	-	-7.6	4.5	-	4.5
Employee contributions	-	-	-	-	-	-
Employer contributions	-	-	-	4.0	-	4.0
Benefit payments	-0.3	-	-0.3	-4.0	-	-4.0
Transfers and other adjustments	-	-	-	-0.3	-	-0.3
VALUE AT DECEMBER 31	**53.4**	**-**	**53.4**	**57.5**	**-**	**57.5**

B4. Main actuarial assumptions for post-employment plans

	2011	2010
Expected return on assets (separate and plan assets)	6.6%	6.6%
Rate of payroll growth (including inflation)	3.5%	3.5%

The expected rate of return on assets (separate and plan assets) has been 6.6% since 2005. The range in the expected rate of return on assets is due to the composition of the assets.

The discount rate used depends on the term of each plan (2.9% at 3 years / 3.5% at 5 years / 4.6% at 10 years / 5.0% at 15 years and 5.1% at 20 years).

The average remaining lifetime is established individually by benefit and is calculated taking into account turnover assumptions.

Inflation depends on the term of each plan (1.9% at 3 years / 1.9% at 5 years / 1.9% at 6 or more years).

B5. Analysis of the sensitivity of post-employment benefit plans to changes in main actuarial assumptions

	2011		2010	
(as % of the item measured)	Pension plans	Other plans	Pension plans	Other plans
Variation of +1% in discount rate				
Impact on present value of defined benefit obligations at December 31	-6.9%	-12.7%	-7.3%	-13.8%
Impact on total expenses	-10.7%	-24.2%	-12.1%	-25.3%
Variation of +1% in expected return on assets (plan assets and separate assets)				
Impact on plan assets at December 31	1.0%	-	1.0%	-
Impact on total expenses	-25.4%	-	-14.7%	-
Variation of +1% in future salary increases, net of inflation				
Impact on present value of defined benefit obligations at December 31	7.9%	16.6%	8.3%	18.1%
Impact on total expenses	14.5%	35.6%	16.2%	37.4%

B6. Experience adjustments on post-employment defined benefit obligations

(in EUR millions)	31/12/2011	31/12/2010
Defined benefit obligations	93.4	102.1
Fair value of plan assets	53.4	57.5
Deficit / (negative: surplus)	**40.0**	**44.6**
Experience adjustments on plan liabilities	-0.7	-0.3 (1)
Experience adjustments on plan assets	-7.6	4.5

(1) Amount adjusted in relation to the financial statements published at December 31, 2010.

NOTE 19 Net banking income

(in EUR millions)	2011	2010
Interest and similar income	562.6	563.5
Net fee income	438.0	433.7
Income from equity securities	139.6	115.6
Gains or losses on trading portfolio transactions	-4.1	-50.0
Gains or losses on short-term investment portfolio transactions	-56.2	7.9
Other banking income and expenses	-0.7	-0.3
NET BANKING INCOME	**1,079.2**	**1,070.4**
Share of net fee income in Net Banking Income	*40.6%*	*40.5%*

NOTE 20 Net interest and similar income, other income from securities

Net interest and similar income

The change in interest and similar income can be broken down as follows:

(in EUR millions)	2011	2010
Interest and similar income on:		
Transactions with banks	147.0	114.5
Transactions with banks (including central banks)	145.1	113.4
Securities due under repurchase agreements	1.9	1.1
Transactions with customers	713.0	632.2
Commercial loans	9.5	9.1
Other customer loans		
Short-term loans	80.2	83.6
Capital expenditure loans	98.4	86.0
Home loans	402.4	344.0
Other loans	52.4	45.4
Overdrafts	48.6	45.6
Securities due under repurchase agreements	0.1	0.1
Other interest and similar income	21.4	18.4
Bonds and other fixed-income securities	81.5	48.5
SUB-TOTAL	**941.5**	**795.2**
Interest and similar expenses on:		
Transactions with banks	-74.4	-71.2
Transactions with banks (including central banks)	-74.2	-71.0
Securities due under repurchase agreements	-0.2	-0.2
Transactions with customers	-115.9	-87.0
Special savings accounts	-94.6	-77.3
Other amounts due to customers	-17.1	-7.6
Securities due under repurchase agreements	-4.0	-1.9
Other interest and similar expenses	-0.2	-0.2
Debt securities	-188.6	-73.5
SUB-TOTAL	**-378.9**	**-231.7**
Net income/expenses from		
Transactions with banks	72.6	43.3
Transactions with customers	597.1	545.2
Bonds and other fixed-income securities	81.5	48.5
Debt securities	-188.6	-73.5
TOTAL	**562.6**	**563.5**

Income from equity securities

(in EUR millions)	2011	2010
Income from equity securities	139.6	115.6
TOTAL	**139.6**	**115.6**

Income from equity securities is comprised mainly of EUR 129.8 million in dividends received from subsidiaries and EUR 6.4 million in positive earnings from general partnerships in which Crédit du Nord is a shareholder, versus EUR 107.3 million in dividends received from subsidiaries and EUR 4.0 million in positive earnings from general partnerships in 2010.

Income from the trading portfolio

(in EUR millions)	2011	2010
Income from fixed-income instruments	-12.6	-59.1
Income from foreign exchange instruments	8.3	8.8
Income from trading securities	0.2	0.3
GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS	**-4.1**	**-50.0**

Income from the short-term investment portfolio

(in EUR millions)	2011	2010
Impairments	-58.1	-0.9
Reversals	2.9	9.0
Income from disposals	-1.0	-0.2
GAINS OR LOSSES ON SHORT-TERM INVESTMENT PORTFOLIO TRANSACTIONS	**-56.2**	**7.9**

In 2011, provisions for impairment were mainly related to negotiable debt securities (EUR 49.8 million) and bonds (EUR 8.2 million).

NOTE 21 Net fee income

Net fee income can be broken down by type, as follows:

(in EUR millions)	2011	2010
Fee income from		
Transactions with customers	150.4	144.8
Securities transactions	65.6	78.7
Foreign exchange transactions	1.4	1.3
Financing and guarantee commitments	21.8	18.9
Services	255.0	243.7
SUB-TOTAL	**494.2**	**487.3**
Fee expense from		
Transactions with banks	-0.9	-0.8
Foreign exchange transactions	-0.1	-0.1
Financing and guarantee commitments	-1.3	-0.8
Services	-53.9	-51.8
SUB-TOTAL	**-56.2**	**-53.6**
TOTAL	**438.0**	**433.7**

NOTE 22 Operating expenses

(in EUR millions)	2011	2010
Personnel expenses	-413.2	-427.7
Taxes	-19.7	-11.6
Other expenses	-195.6	-185.8
Depreciation and amortisation	-57.9	-62.3
TOTAL	**-686.4**	**-687.4**

NOTE 23 Personnel expenses

Personnel expenses, which amounted to EUR 413.2 million, can be broken down as follows:

(in EUR millions)	2011	2010
Employee compensation	-243.6	-249.5
Social security charges and payroll taxes	-59.7	-73.4
Retirement expenses	-50.5	-43.6
Defined contribution plans	-39.8	-37.0
Defined benefit plans	-10.7	-6.6
Other social security charges and taxes	-31.5	-32.5
Employee profit-sharing and incentives (including top-ups)	-30.5	-33.8
o/w incentives	*-21.6*	*-19.1*
o/w profit-sharing	*-2.7*	*-9.0*
Transfer of charges	2.6	5.1
TOTAL	**-413.2**	**-427.7**

Compensation of administrative and decision-making bodies stood at EUR 1.7 million as at December 31, 2011.

	2011	2010
Average staff count in activity	**5,197**	5,300
Staff count recorded at December 31	**5,734**	5,821

NOTE 24 Other operating expenses, depreciation and amortisation

Other overheads

(in EUR millions)	2011	2010
TAXES	**-19.7**	**-11.6**
OTHER EXPENSES	**-195.6**	**-185.8**
Rent and rental charges	-33.6	-30.9
Sub-contracting expenses	-243.6	-194.9
Temporary employees and external contractors	-2.0	-2.2
Telecommunication expense	-3.0	-4.9
Transport and travel	-12.1	-10.3
Charges reinvoiced to third parties	73.3	42.7
Transfer of charges	25.4	14.7
TOTAL	**-215.3**	**-197.4**

For the sake of clarity, the figures in the table above, line to line, are gross, i.e. before capitalisation; if and when charges are capitalised, they also appear, deducted from total, in the last line, «Transfer of charges».

Note that, in accordance with the options available under accounting rules and in accordance with such rules, in 2011 Crédit du Nord capitalised EUR 25.4 million in charges from the «Subcontracting expenses» entry (vs. EUR 14.7 million at end-2010). This sum corresponds to the expenses generated by the production of different software packages for internal use at Crédit du Nord. After capitalisation, these software packages are amortised over 3 to 5 years from installation.

In 2011, the Group's global audit expenses for the Statutory Auditors amounted to EUR 484,000 before tax (excluding expenses and outlay). This sum is entered under the heading «Subcontracting expenses» and breaks down as follows:

	DELOITTE		ERNST & YOUNG		OTHERS [1]	
(in EUR thousands)	2011	2010	2011	2010	2011	2010
Statutory Auditors, certification, Audit of the individual and consolidated financial statements	-187.5	-187.5	-187.5	-187.5	-5.0	-4.8
Additional assignments	-74.0	-2.0	-30.0	-	-	-

(1) Statutory Auditors for the Monaco branch.

Depreciation and amortisation

(in EUR millions)	2011	2010
Amortisation expense on property, plant and equipment	-28.5	-29.5
Depreciation expense on property, plant and equipment	-	-
Amortisation expense on intangible fixed assets	-29.4	-32.8
TOTAL	**-57.9**	**-62.3**

NOTE 25 Cost of risk

(in EUR millions)	2011	2010
Allowance for the fiscal year (see Notes 8 and 14)	-203.1	-205.8
Losses not covered by impairments	-10.8	-9.5
Losses covered by impairments	-57.1	-22.0
Reversals (including use of impairments) (see Notes 8 and 14)	158.8	147.9
Amounts recovered on impaired loans	4.3	4.7
TOTAL [1]	**-107.9**	**-84.7**
(1) O/w disputed loans	*-4.2*	*-0.5*
Cost of risk divided by total gross outstanding loans granted	*0.59%*	*0.51%*

«Cost of risk» corresponds exclusively to counterparty risk relative to banking intermediation activities. Allowances and reversals for other risks are recorded to the same accounts as the expenses covered.

NOTE 26 Gains or losses on fixed assets

(in EUR millions)	2011	2010
Net income from equity investments	-	3.6
Net income from investment securities	-	0.6
Net income from disposals of operating fixed assets	0.5	0.4
TOTAL	**0.5**	**4.6**

NOTE 27 Income tax

(in EUR millions)	2011	2010
Current income tax	-40.3	-76.0
Deferred tax	5.5	21.0
Gain due to tax consolidation	-23.7	8.9
TOTAL	**-58.5**	**-46.1**

Crédit du Nord has been incorporated into Société Générale's tax consolidation scope since January 1, 2010. Accordingly, a tax consolidation sub-group has been formed between Crédit du Nord and some of subsidiaries in which the Group directly or indirectly holds at least a 95% stake. The convention adopted is that of neutrality.

Breakdown of tax expense:

The tax expense can be broken down as follows in relation to pre-tax income:

	2011	2010
Pre-tax income	285.3	302.9
Theoretical tax expense	-103.0	-104.3
Normal tax rate, including temporary increases	**36.10%**	**34.43%**
Permanent differences and other items	-14.79%	-10.68%
Tax differential on profits taxed outside France	-1.13%	-0.90%
Differential on items taxed at reduced rate	-0.26%	-0.76%
Net gain on tax consolidation	-0.32%	-3.95%
Miscellaneous	0.89%	-2.92%
Apparent tax rate, including temporary increases	**20.49%**	**15.22%**
Real tax expense	-58.5	-46.1

NOTE 28 Assets and liabilities, breakdown by residual maturity

	Residual maturity at December 31, 2011				
(in EUR thousands - excluding related receivables and payables)	< 3 months	3 months to 1 year	1 to 5 years	> 5 yrs	Total
ASSETS (USES OF FUNDS)					
Due from banks					
Term accounts	4,663.8	489.8	1,771.0	837.2	7,761.8
Subordinated loans	-	1.1	35.5	49.6	86.2
Transactions with customers					
Commercial loans	304.7	1.2	-	-	305.9
Other customer loans	854.2	1,690.7	6,114.5	7,492.1	16,151.5
Subordinated loans and equity securities	0.1	0.4	0.5	7.3	8.3
Bonds and other fixed-income securities					
Trading securities	4.0	-	-	-	4.0
Short-term investment securities	134.6	76.0	4,144.2	1,750.8	6,105.6
Investment securities	-	21.3	38.3	-	59.6
TOTAL	**5,961.4**	**2,280.5**	**12,104.0**	**10,137.0**	**30,482.9**
LIABILITIES (RESOURCES)					
Due to banks					
Term accounts	1,519.4	700.4	4,902.0	320.1	7,441.9
Transactions with customers					
Term special savings accounts	909.8	12.1	206.8	0.4	1,129.1
Term accounts	1,159.0	126.6	374.1	8.6	1,668.3
Securities sold under term repurchase agreements	657.4	-	-	-	657.4
Debt securities					
Savings certificates	5.2	0.2	2.1	-	7.5
Money market and negotiable debt securities	3,376.9	2,740.8	1,696.8	1,325.6	9,140.1
Bonds	-	1,020.0	486.0	450.0	1,956.0
TOTAL	**7,627.7**	**4,600.1**	**7,667.8**	**2,104.7**	**22,000.3**

NOTE 29 Information concerning subsidiaries and equity investments

At December 31, 2011 *(in EUR thousands)*	Capital	Reserves and retained earnings	Share of capital owned (in %)	Net Asset Value of shares owned	Unpaid loans and advances	Guarantees and endorse-ments given	Net banking income	2011 net income	Dividends received in 2011	Re-marks

A. Information on subsidiaries and equity investments owned by Crédit du Nord, whose net asset value exceeds 1% of the bank's capital

At December 31, 2011 *(in EUR thousands)*	Capital	Reserves and retained earnings	Share of capital owned (in %)	Net Asset Value of shares owned	Unpaid loans and advances	Guarantees and endorse-ments given	Net banking income	2011 net income	Dividends received in 2011	Re-marks
Subsidiaries (at least 50% of capital owned)										
Banque Courtois 33, rue Rémusat 31000 Toulouse	17,384	140,018	100.00	54,056	901,566	166,298	171,828	39,714	28,901	
Banque Tarneaud 2-6, rue Turgot 87000 Limoges	26,529	170,216	80.00	74,881	695,777	146,021	129,266	26,127	8,489	
Banque Rhône-Alpes 20-22, boulevard Edouard Rey 38000 Grenoble	11,917	127,658	98.34	93,886	748,916	144,868	138,932	26,526	21,535	
Banque Nuger 5, place Michel-de-l'Hospital 63000 Clermont-Ferrand	11,445	42,817	63.19	13,921	30,000	2,402	33,768	6,998	3,010	
Banque Laydernier 10, avenue du Rhône 74000 Annecy	24,789	40,722	96.82	44,435	278,129	37,770	67,279	12,720	9,000	
Etoile ID 59, boulevard Haussmann 75008 Paris	15,400	7,760	100.00	22,977	-	-	1,735	1,749	2,045	
Banque Kolb 1-3, place du Général-de-Gaulle 88500 Mirecourt	14,099	53,363	78.44	46,606	318,143	106,711	65,576	11,041	7,590	
Kolb Investissement 59, boulevard Haussmann 75008 Paris	77	13,065	100.00	38,964	-	-	2,221	2,096	-	
Star Lease 59, boulevard Haussmann 75008 Paris	55,000	24,547	100.00	55,000	1,515,768	481,497	-4,468	-4,285	-	
Société Marseillaise de Crédit 75, rue Paradis 13006 Marseille	16,000	276,238	100.00	872,070	450,116	175,115	227,488	45,604	31,300	
Etoile Gestion Holding 59, boulevard Haussmann 75008 Paris	155,000	3,190	69.88	108,309	-	-	5,553	5,177	-	
Hedin 59, boulevard Haussmann 75008 Paris	32,147	-51,967	94.99	30,540	-	-	-6,045	-17,387	-	(3)
Nordenskiöld 59, boulevard Haussmann 75008 Paris	32,656	-12,125	94.99	31,023	-	-	-2,665	-6,091	-	(3)
Verthema 59, boulevard Haussmann 75008 Paris	24,451	-12,981	94.99	23,229	-	-	-3,927	-25,915	-	(3)
Legazpi 17, cours Valmy 92800 Puteaux	23,888	-13,354	50.00	11,944	-	-	-6,665	-25,511	-	(3)

At December 31, 2011 *(in EUR thousands)*	Capital	Reserves and retained earnings	Share of capital owned (in %)	Net Asset Value of shares owned	Unpaid loans and advances	Guarantees and endorse-ments given	Net banking income	2011 net income	Dividends received in 2011	Re-marks
Equity investments (less than 50% of capital owned)										
Crédit Logement 50, boulevard Sébastopol 75003 Paris	*1,253,975*	*68,044*	3.00	38,852	84,408	156,395	*181,221*	*87,057*	2,474	(1)
Sicovam Holding 18, rue La Fayette 75009 Paris	*10,265*	*522,967*	6.10	14,889	-	-	*5,730*	*5,457*	457	(2) (3)
Antarius 59, boulevard Haussmann 75008 Paris	284,060	6,188	50.00	142,407	-	-	1,411,640	38,916	17,044	(3)

B. General information concerning other subsidiaries and equity investments

	Capital	Reserves and retained earnings	Share of capital owned (in %)	Net Asset Value of shares owned	Unpaid loans and advances	Guarantees and endorse-ments given	Net banking income	2011 net income	Dividends received in 2011	Re-marks
Subsidiaries not covered in Paragraph A										
a) French subsidiaries (combined)	-	-	-	23,304	643,432	229,599	-	-	750	
b) Foreign subsidiaries (combined)	-	-	-	-	-	-	-	-	-	
Equity investments (4) not covered in Paragraph A										
a) French equity investments (combined, including property development companies)	-	-	-	28,629	811	5,210	-	-	178	
b) Foreign equity investments (combined)	-	-	-	82	-	-	-	-	-	

(1) Data in italics pertain to 31/12/2010 (2011 data unavailable).

(2) Data in italics taken at 31/07/2011.

(3) For non-banking companies, revenue rather than Net Banking Income is indicated.

(4) Including equity investments of less than 10% recorded in equity investment accounts, in accordance with the provisions of the internal chart of accounts.

NB For some companies, net income and Net Banking Income for 2011 are subject to approval of the financial statements by the Shareholders' Meeting scheduled to be held in 2012.

NOTE 30 Main changes in the investment portfolio in 2011

Crédit du Nord carried out the following transactions on its securities portfolio during fiscal year 2011:

Creation :

None.

Acquisition:

FCT Blue Star Guaranteed Home Loans - Transactis

Participation in capital increases:

Caisse de Refinancement de l'Habitat

Liquidation - complete disposal:

Consortium Auxiliaire de Participation - SEM de l'AA - SAEM Euralille

Reduction of equity investment:

FCPR PME France investissement A - FCPR PME France investissement B - FCPI Gen-i - Valeur Pierre Patrimoine Caisse de Refinancement de l'Habitat

In accordance with the provisions of Article L.233.6 of the French Commercial Code, the table below summarises the significant changes in Crédit du Nord's investment portfolio recorded in 2011 (note that legal thresholds exist at 5%, 10%, 20%, 33% and 50%).

Upward threshold breaches:

		Percentage of capital	
Threshold	Subsidiary companies	31/12/2011	previous
100%	FCT Blue Star Guaranteed Home Loans	100.00%	0.00%

Downward threshold breaches:

		Pourcentage du capital	
Threshold	Subsidiary companies	31/12/2010	previous
5%	Consortium Auxiliaire de Participation	0.00%	5.48%

Information on corporate officers

In 2011, two external Directors were appointed to the Board of Directors: Mr. Christophe BONDUELLE, Chairman and Chief Executive Officer of BONDUELLE SA, and Thierry MULLIEZ, Chairman and Chief Executive Officer of HTM SA.

In addition, the directors' mandates of Bruno FLICHY, Patrick SUET and Vincent TAUPIN, which were about to expire, were renewed for a term of four years.

During the Board of Directors' meeting of July 29, 2011, a decision was taken to change the Group's operational governance by eliminating the office of Deputy Chief Executive Officer, which was held at the time by Marc BATAVE.

Three members of the Executive Committee were appointed as Executive Vice Chairmen to assist the Chief Executive Officer:

- Philippe AMESTOY, Head of Marketing,
- Jean-Louis KLEIN, Head of Business Clients,
- Thierry LUCAS, Head of Information Systems, Projects and Banking Operations.

Vincent Taupin resigned from his offices as Director and Chief Executive Officer on January 11, 2012. He was replaced by Philippe Aymerich.

Positions held and duties performed over the last five years

Jean-François SAMMARCELLI

- Deputy CEO of Société Générale SGPT (since 01/2010);
- Chairman of the Board of Directors: Crédit du Nord (since 01/2010); CGA (from 01/2005 to 10/2011);
- Director: Crédit du Nord (since 11/2009); SOGECAP*; SOGEPROM (since 02/2009); Boursorama (since 05/2009); Amundi Group (since 12/2009); Sopra Geneval (since 04/2010); CGA (from 01/2005 to 10/2011); SOGESSUR (until 06/2011); SG Equipement Finances (until 04/2010); Banque Tarneaud (from 04/2010 to 05/2011);
- Member of the Supervisory Board: SG Marocaine de Banque (since 2007); «Fonds de Garantie des Dépôts» SA (since 06/2009); Banque Tarneaud (since 05/2011); SKB Banka (until 05/2009);
- Permanent representative of SG FSH on the Board of Directors of Franfinance (until 04/2011);
- Permanent Representative of Crédit du Nord on the Board of Directors of Banque Rhône-Alpes (from 03/2010 to 05/2010) and of Société Marseillaise de Crédit (from 09/2010 to 12/2010);
- Permanent representative of Crédit du Nord on the Supervisory Board of Banque Rhône-Alpes (since 05/2010) and of Société Marseillaise de Crédit (since 12/2010);
- Non-Voting Director of Ortec Expansion (since 04/2009)

Vincent TAUPIN

- Chief Executive Officer: Crédit du Nord (since 01/2010);
- Chairman of the Board of Directors: Antarius (from 01/2010 to 10/2011);
- Chairman of the Supervisory Board: Société Marseillaise de Crédit (since 12/2010); Banque Courtois (since 10/2011);
- Director: Crédit du Nord (since 11/2009); Antarius (since 12/2009); Amundi Group (since 12/2009); Sogessur (since 06/2010); Banque Tarneaud (from 02/2010 to 05/2011); Euromirabelle (until 06/2009); Talos Securities Limited (until 12/2009); Talos Holdings Limited (until 12/2009); Veritas (from 04/2005 to 07/2008); ESGL (from 08/2005 to 03/2008); Banque Rhône Alpes (from 03/2010 to 05/2010); Société Marseillaise de Crédit (from 09/2010 to 12/2010); Banque Laydernier (from 03/2010 to 11/2010); Boursorama (from 05/1999 to 02/2010);
- Member of the Supervisory Board: Banque Courtois (since 03/2010); Banque Nuger (from 03/2010 to 09/2011); Banque Rhône Alpes (since 05/2010); Société Marseillaise de Crédit (since 12/2010);

* *Offices held for at least the last five years.*

Banque Kolb (since 03/2010); Banque Tarneaud (since 05/2011);
- Permanent representative of Crédit du Nord on the Board of Banque Laydernier (from 11/2010 to 09/2011).

Marc BATAVE

- Deputy Chief Executive Officer of Crédit du Nord (from 11/2008 to 07/2011);
- Chairman of the Board of Directors: Norbail Immobilier (from 03/2000 to 01/2007); Star Lease (from 09/2001 to 12/2006);
- Chairman of the Supervisory Board: Banque Courtois (from 05/2008 to 10/2011); Banque Kolb (from 09/2005 to 09/2011); Banque Laydernier (from 11/2010 to 09/2011);
- Permanent Representative of Crédit du Nord: Banque Pouyanne (from 02/2004 to 12/2006);
- Director: Antarius (until 08/2011); Banque Tarneaud (until 05/2011); Etoile ID (formerly SPTF, until 08/2011); Star Lease (until 03/2011); Norbail Immobilier (from 05/2007 to 04/2011); Société Marseillaise de Crédit (from 09/2010 to 12/2010); Banque Laydernier (from 03/2010 to 11/2010);
- Member of the Supervisory Board: Banque Rhône-Alpes (since 05/2010 to 08/2011); Banque Laydernier (from 11/2010 to 08/2011); Société Marseillaise de Crédit (from 12/2010 to 08/2011); Banque Tarneaud (from 05/2011 to 08/2011);
- Member of the Supervisory Board: SNC Etoile Gestion (until 08/2011); SNC Norfinance Gilbert Dupont (until 03/2010).

Didier ALIX

- Chairman and Chief Executive Officer : Sogébail*; Société de Gestion St Jean de Passy*;
- Chairman, Supervisory Board: Komercni Banka*;
- Deputy Chief Executive Officer: Société Générale (from 09/2006 to 12/2009);
- Director: Crédit du Nord (from 07/2007 to 11/2009, and since 01/2010); Yves Rocher*; Banque Roumaine de Développement*; Société Générale de Banques au Cameroun*; Société Générale de Banques au Sénégal*; Société Générale de Banques en Côte d'Ivoire*; Société de Gestion St Jean de Passy*; Rémy COINTREAU (since 07/2010); FAYAT (since 02/2011); SGBT Luxembourg (since 12/2009); SG Private Banking Suisse SA SGBT (since 12/2009); Société Générale de Banque au Liban (until 06/2007); Franfinance (from 01/1991 to 04/2010); National Société Générale Bank SAE (NSGB) (from 02/2001 to 04/2010); MSR International Bank (2005 to 12/2006); Sogessur (from 2003 to 11/2006); Fiditalia (from 2003 to 12/2006);
- Member of the Supervisory Board: Société Générale Marocaine de Banques*; Société FAIVELY (since 09/2010); Groupama Banque (from 2003 to 10/2006).

Christophe BONDUELLE

(appointed on May 6, 2011)

- Chairman and Chief Executive Officer: Bonduelle SA*;
- Chief Executive Officer: Bonduelle limited*; Bonduelle Netherland BV (SRL)*;
- Chairman of the Supervisory Board: Bonduelle Polska*;
- Director: Crédit du Nord (since 05/2011); Bonduelle Nordic*; Bonduelle Portugal*; LESAFFRE et Cie*; Bonduelle Northern Europe* (limited liability company governed by Belgian law).

Séverin CABANNES

- Deputy Chief Executive Officer: Société Générale (since 05/2008);
- Director: Crédit du Nord (since 02/2007); Amundi Group (since 31/12/2009); TCW Group (since 08/2009); Fiditalia (from 01/2007 to 04/2008); Genefimmo Cafi 1 (from 04/2007 to 04/2009); Rosbank BHFM (from 05/2008 to 06/2009);
- Member of the Supervisory Board: Komercni Banka (from 10/2001 to 09/2010); Groupe Steria SCA (since 02/2007).

Patrick DAHER

- Chairman and Chief Executive Officer: Compagnie DAHER*;
- Chairman of the Supervisory Board: Grand Port Maritime de Marseille (since 01/2009);

* *Offices held for at least the last five years.*

- Director and Chief Executive Officer: Sogemarco - DAHER*;
- Director: Crédit du Nord*; DAHER International Développement* (governed by Luxembourg law); LISI (since 04/2008); DAHER Aérospace Ltd (2007); DAHER Inc. (2007); DAHER Sawley Ltd (2005 to 2006);

Bruno FLICHY

- Director: Crédit du Nord*; Eiffage*; Aviva Participations*; Aviva France (since 11/2008); Dexia Banque Belgique (from 02/2004 to 05/2010);
- Member of the Supervisory Board: Aviva France (from 2004 to 11/2008).

Philippe HEIM

- Director: Crédit du Nord (since 05/2010); Groupama Banque (since 10/2009); Newedge Group (since 05/2011).

Thierry MULLIEZ

(appointed on May 6, 2011)

- Chairman: HTM (since 10/2008);
- Director: Crédit du Nord (since 05/2011); HTM (since 10/2008); Boulanger*; Crématorium de France (since 06/2010); SECOM (since 04/2008); DECATHLON (since 12/2009).

Patrick SUET

- Chairman of the Board of Directors: Généras SA*; SGBT Luxembourg (since 06/2009); Société Générale Ré SA SGBT (since 09/2010);
- Director: Crédit du Nord*; Généras SA*; SGBT Luxembourg (since 11/2006); Société Générale Ré SA SGBT (since 08/2010); Clickoptions (from 10/2000 to 08/2010); Sogé Participations (from 04/2001 to 05/2008);
- Member of the Supervisory Board: Lyxor Asset Management (since 05/2005); Lyxor International Asset Management (since 05/2005).

Pascal COULON

- Employee representative: Crédit du Nord (since 07/2009).

Jean-Pierre DHERMANT

- Employee representative: Crédit du Nord (since 11/2006).

Angélina HOLVOET

- Employee representative: Crédit du Nord (since 12/2009).

To the best of Crédit du Nord's knowledge, there are no conflicts of interest between Crédit du Nord and the members of the Board of Directors with respect to either their personal or professional interests.

Other disclosures

Shares held by directors

- Pursuant to Article 11 of the by-laws, all Directors hold at least 10 shares.

Ethics

- All Directors refrain from carrying out transactions in the shares of the companies on which (and to the extent that) they hold, by virtue of their offices, information which has not yet been made public.

* *Offices held for at least the last five years.*

Senior management remuneration policy

The remuneration of senior corporate officers is determined based on the guidelines recommended by the Remuneration Committee and approved by the bank's Board of Directors. Remuneration is in line with the recommendations of the AFEP-MEDEF Corporate Governance Code (Paragraph 20, «Remuneration of senior corporate officers») and hence complies with its guidelines (completeness, fairness, consistency, easily understandable rules, etc.).

Remuneration of senior corporate directors includes:

- fixed annual compensation;
- performance-based compensation in the form of a bonus paid at the end of each fiscal year after the financial statements are approved. Since January 1, 2010, the amount of this bonus has been determined via an assessment utilising multiple criteria, notably including:

– maintaining and, as the case may be, improving customer satisfaction;

– active participation in retail banking working groups within the Société Générale Group;

– aiming to decrease the cost/income ratio by at least 1 point per year;

– looking for cost and income synergies with the Société Générale Group, etc.

In accordance with the European Capital Requirements Directive (CRD3) of November 24, 2010, the performance-based portion of corporate officers' compensation is divided into a vested portion, part of which is paid in cash and part in Societe Generale share equivalents, and a non-vested portion deferred over one to three years and contingent on achieving certain economic targets.

Mr. Vincent TAUPIN

Appointed Chief Executive Officer of Crédit du Nord on January 1, 2010, Vincent TAUPIN has an employment contract with Société Générale. He is posted to Crédit du Nord for the term of his office as Chief Executive Officer.

The CEO's fixed and performance-based compensation are shown in the AFEP-MEDEF tables below.

Attendance fees and other compensation paid to boards of directors or supervisory committees on which Mr. TAUPIN sits as a Crédit du Nord representative are paid directly by Crédit du Nord.

However, attendance fees and other compensation paid to boards of directors or supervisory committees on which Mr. TAUPIN sits as a Société Générale representative are paid by Société Générale.

Long-term profit-sharing

Each year, the Board of Directors can recommend to Société Générale that it grant Société Générale shares and/or Société Générale options to Mr. TAUPIN in accordance with the terms and conditions established under the relevant plans, provided this is permitted by national legislation and regulations in force.

The allocation between stock options and performance shares is determined on a case-by-case basis in compliance with the rules governing Société Générale plans.

For the purposes of final allocation, stock options or bonus shares are subject to performance conditions established by the rules of the relevant plans, subject to national legislation and regulations in force.

Furthermore, as a salaried employee of Société Générale, Mr. TAUPIN is eligible for Société Générale's profit sharing and incentive programmes and is therefore ineligible for programmes offered by Crédit du Nord.

Obligation to hold and to keep Société Générale shares

As a member of the Société Générale Group Management Committee, Mr.TAUPIN must hold 2,500 Société Générale share within 5 years of the date of his appointment as Chief Executive Officer, i.e. January 1, 2010. The shares may be held either directly or indirectly through the company's savings plan.

For as long as this minimum shareholding requirement is not satisfied, Mr. TAUPIN is required keep any shares resulting from the exercise of options acquired under Société Générale's bonus share allocation programmes. The shares may be held either directly or indirectly through the company's savings plan.

Provisions related to post-employment benefits

- Severance payment: Mr. TAUPIN will not receive a severance payment when his term of office expires.
- Retirement: in respect of his office and duties, Mr. TAUPIN will continue to be covered by the complementary retirement benefit allocation scheme available to «Unclassified» executive level employees.

This complementary scheme, set up in 1991, grants beneficiaries, on the date of settlement of their Social Security pension, a total pension equal to the product of the following two terms:

- the average, over the last ten years of the beneficiary's career, of the proportion of basic salaries exceeding «Tranche B» of the AGIRC pension, plus variable compensation limited to 5% of the basic fixed salary;
- the rate equal to the ratio of a number of annuities corresponding to the years of professional services within Société Générale divided by 60.

AGIRC's «Tranche C» pension vested in respect of his professional services within Société Générale is deducted from this total pension. The complementary allocation to be paid by Société Générale is increased for beneficiaries who have brought up at least three children, as well as for those retiring after 60. It cannot be less than a third of the full-rate service value of the AGIRC «Tranche B» points vested by the manager since his appointment in Société Générale's «Unclassified» category.

Compensation and annuities paid in consideration of the period of employment with Société Générale include services rendered as a corporate officer at Crédit du Nord. Eligibility for this plan is subject being in the employ of the company at the time the entitlements are paid.

Mr. Marc BATAVE

Mr. Marc BATAVE holds an employment contract with Crédit du Nord, the application of which was suspended upon his appointment as Deputy Chief Executive officer in November 2008, and for the term of his corporate mandate. This mandate ended on July 29, 2011, the date on which his employment contract became fully effective again.

During the term of his corporate mandate, Mr. Marc BATAVE maintained all of the benefits previously acquired as an employee of Crédit du Nord, including in particular the provisions of the supplementary pension plan for senior group managers established by the Supervisory Board of Crédit du Nord on September 5, 1996.

This plan guarantees that, at the date on which the pension benefits are settled by Social Security, beneficiaries shall receive an additional pension corresponding to the difference between:

- an amount equal to 50% of the average, calculated over the last five best years out of the last ten years of employment, of the annual gross sums received for employment with Crédit du Nord Group, although the amount thus determined may not exceed 60% of the annual contractual compensation for these same years;
- if less, the total of the pension plans (excluding increases for large families) and other income acquired from Social Security, of any other basic plans, of any other statutory retirement plans by distribution or capitalisation, of any compensation received for dismissible positions after retirement, and of any compensation received from positions held prior to employment with the Group.

It has been expressly agreed that during the term of the mandate, fixed compensation (excluding the annual allocation linked to the mandate addressed above) and performance-based compensation, paid during the term of the mandate, are considered as salaried employment periods and compensation for the determination of the amount of guarantees provided for by this plan at the appropriate time.

Mr. Marc BATAVE's fixed and performance-based compensation, are shown in the AFEP-MEDEF tables below.

Long-term profit-sharing

Each year, the Board of Directors can recommend to Société Générale that it grant Société Générale shares and/or Société Générale options to Mr. Marc BATAVE in accordance with the terms and conditions established under the relevant plans, provided this is permitted by national legislation and regulations in force.

The allocation between stock options and performance shares is determined on a case-by-case basis in compliance with the rules governing Société Générale plans.

For the purposes of final allocation, stock options or bonus shares are subject to performance conditions established by the rules of the relevant plans, subject to national legislation and regulations in force.

Severance payment

Mr. Marc BATAVE did not benefit from any termination benefit when he resigned his position as corporate officer on July 29, 2011.

Attendance fees paid to directors

The amount of attendance fees was set at EUR 78,000 by the General Shareholders' Meeting of May 6, 2011.

The rules for distributing attendance fees among Board members resolved by the Board of Directors on March 12, 1998, are as follows:

- half of the attendance fees are distributed in equal amounts among the directors;
- the balance is divided up among directors in proportion to the number of Board meetings attended by each director during the fiscal year. The share belonging to absentees is not redistributed to other directors but is retained by Crédit du Nord.

AFEP/MEDEF and AMF recommendations

The Board of Directors of Crédit du Nord examined and decided to apply the AFEP/MEDEF recommendations on compensation of senior corporate officers.

The standardised presentation of their compensation, prepared in accordance with AFEP/MEDEF recommendations, is given below.

Standardised tables compliant with AFEP/MEDEF and AMF recommendations

Table 1

COMPENSATION, OPTIONS AND SHARES GRANTED TO EACH SENIOR CORPORATE OFFICER (1)	Fiscal year 2010	Fiscal year 2011
Jean-François SAMMARCELLI, Chairman		
Remuneration due for the fiscal year (detailed in Table 2)	1,527,556	1 338,806
Value of options awarded during the fiscal year (detailed in Table 4)	0	0
Value of performance-based shares awarded during the fiscal year (detailed in Table 6)	0	281,002
TOTAL	1,527,556	1,619,808
Vincent TAUPIN, Chief Executive Officer		
Remuneration due for the fiscal year (detailed in Table 2)	418,685	624,685
Value of options awarded during the fiscal year (detailed in Table 4)	324,666	0
Value of performance-based shares awarded during the fiscal year (detailed in Table 6)	165,542	37,573
TOTAL	908,893	662,258
Marc BATAVE, Deputy Chief Executive Officer (2)		
Remuneration due for the fiscal year (detailed in Table 2)	323,552	124,826
Value of options awarded during the fiscal year (detailed in Table 4)	43,286	0
Value of performance-based shares awarded during the fiscal year (detailed in Table 6)	50,623	26,411
TOTAL	417,461	151,237

(1) Compensation due in respect of corporate offices held during the fiscal year.
(2) Until July 29, 2011.

Table 2

COMPENSATION, OPTIONS AND SHARES GRATNED TO EACH SENIOR CORPORATE OFFICER [1]	Fiscal year 2010		Fiscal year 2011	
	Amount paid	Amount due in respect of the fiscal year	Amount paid	Amount due in respect of the fiscal year
Jean-François SAMMARCELLI, Chairman (Crédit du Nord does not pay this compensation, with the exception of EUR 5,000 for attendance fees)				
- fixed compensation	550 000	550 000	650 000	650 000
- variable compensation [2]	332 500	337 920	326 471	273 108
- deferred variable compensation[3]	0	633 600	0	409 662
- attendance fees	5 000	0	11 449	0
- benefits in kind [3]	6 036	6 036	6 036	6 036
TOTAL	893 536	1 527 556	993 956	1 338 806
Vincent TAUPIN, Chief Executive Officer				
- fixed compensation	270 000	270 000	270 000	270 000
- variable compensation [2]	0	144 000	144 000	100 000
- deferred variable compensation [3]	0	0	0	250 000
- exceptional compensation	0	0	200 000 [5]	0
- attendance fees	0	0	0	0
- benefits in kind [4]	4 685	4 685	4 685	4 685
TOTAL	274 685	418 685	618 685	624 685
Marc BATAVE, Deputy Chief Executive Officer				
- fixed compensation	205 000	205 000	111 506[6]	119 583[6]
- variable compensation [2]	81 000	110 000	110 000	0
- exceptional compensation	14 000	0	0	0
- attendance fees	0	0	0	0
- benefits in kind [7]	8 552	8 552	5 243	5 243
TOTAL	308 552	323 552	226 749	124 826

(1) Compensation figures are in euros, gross, before tax.

(2) The criteria used to determine these figures are detailed in the Chapter covering the remuneration of corporate officers.

*(3) This amount includes 1-year deferred pay in the form of share equivalents indexed to the future performance of the Société Générale share, valued on the basis of an average price of EUR 49.20 at the grant date, and 3-year deferred pay subject to a Group performance condition (EPS).
It does not include the allocation of performance shares of March 7, 2011 (see table 6).*

(4) Provision of a personal company car.

(5) This amount, paid in 2011, is deferred compensation in respect of Vincent Taupin's previous position.

(6) Including EUR 15,000 paid to offset the impacts of the suspension of his employment contract with Crédit du Nord.

(7) Provision of a personal company car and payment of a housing allowance, paid pro rata for the term of the office, i.e. EUR 2,366 and EUR 2,877 for 2011.

Table 3

ATTENDANCE FEES		
Members of the Board	Attendance fees paid in 2010	Attendance fees paid in 2011 (1)
Jean-François SAMMARCELLI	5 000	6 000
Vincent TAUPIN (2)	5 000	6 000
Marc BATAVE	0	0
Didier ALIX	5 000	6 000
Christophe BONDUELLE (3)	-	3 000
Séverin CABANNES	4 000	4 500
Pascal COULON (4)	4 500	6 000
Patrick DAHER	4 000	5 250
Jean-Pierre DHERMANT (4)	4 500	6 000
Bruno FLICHY	5 000	6 000
Philippe HEIM (2)	2 000	5 250
Angélina HOLVOET (4)	4 500	5 250
Thierry MULLIEZ (3)	-	3 750
Patrick SUET (2)	4 500	6 000
TOTAL	48 000	69 000

(1) Adjustment of the «attendance fees» budget following the vote of the General Shareholders' Meeting of May 2011 .
(2) Paid to Société Générale.
(3) Appointed at the General Shareholders' Meeting of May 2011
(4) Paid to the Crédit du Nord union (CFDT)

The Board of Directors met 4 times in 2011, with the average meeting lasting 2 hours.

The attendance rate was very satisfactory at over 88%, thus demonstrating their dedication to their role as directors (note: two directors were appointed at the General Shareholders' Meeting of May 2011).

Table 4

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH SENIOR CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY BELONGING TO THE GROUP						
Name of senior corporate officer	Date of plan	Type of option (subscription or purchase)	Value of options based on the method used for the consolidated financial statements *	Number of options awarded during the fiscal year	Strike price	Exercise period
Jean-François SAMMARCELLI	No options awarded in 2011					
Vincent TAUPIN	No options awarded in 2011					
Marc BATAVE	No options awarded in 2011					

** This value corresponds to the value of the options at the time they were awarded, in accordance with iFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individuals continued employ with the company at the end of the vesting period, but before the averaging effect under IFRS 2 of the expense over the vesting period.*

Table 5

SOCIÉTÉ GÉNÉRALE STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR			
Name of senior corporate officer	Date of plan	Number of options exercised during the fiscal year	Strike price
Jean-François SAMMARCELLI		No options exercised in 2011	
Vincent TAUPIN		No options exercised in 2011	
Marc BATAVE		No options exercised in 2011	
TOTAL		0	

Table 6

SOCIÉTÉ GÉNÉRALE PERFORMANCE SHARES AWARDED TO EACH CORPORATE OFFICER [(1)]						
Performance-based shares awarded to each corporate officer by the issuer during the fiscal year	Date of plan [(2)]	Number of options awarded during the 2011 fiscal year	Value of shares [(3)]	Acquisition date	Date of availability	Performance based
Jean-François SAMMARCELLI	07/03/2011	19,460	€ 281,002	31/03/2013	31/03/2015	Yes [(4)]
Vincent TAUPIN	07/03/2011	2,602	€ 37,573	31/03/2013	31/03/2015	Yes [(4)]
Marc BATAVE	07/03/2011	1,829	€ 26,411	31/03/2013	31/03/2015	Yes [(4)]
TOTAL		23,891				

(1) Performance-based shares are free shares awarded to corporate officers, in accordance with Articles L.225-197-1 et seq. of the French Commercial Code, and which are subject to additional requirements provided for by the AFEP/MEDEF recommendations of October 2008.

(2) Date of the Board of Directors' meeting.

(3) Value of the shares at their grant date, in accordance with IFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individual's continued employ with the company at the end of the vesting period, but before the averaging under IFRS 2 of the expense over the vesting period.

(4) The performance-based conditions were established by the parent company, Société Générale, and are detailed in the section entitled «Corporate Governance» in its registration document.

Table 7

SOCIÉTÉ GÉNÉRALE PERFORMANCE SHARES* PERMANANTLY VESTED DURING THE FISCAL YEAR BY EACH SENIOR CORPORATE OFFICER		
	Date of plan	Number of shares permanently vested during the fiscal year
Jean-François SAMMARCELLI	21/03/2008	614
Vincent TAUPIN		No performance shares permanently vested in 2011
Marc BATAVE	21/03/2008	262
TOTAL		876

** Performance-based shares are free shares awarded to corporate officers, in accordance with Articles L.225-197-1 et seq. of the French Commercial Code, and which are subject to additional requirements provided for by the AFEP/MEDEF recommendations of October 2008.*

Table 8

HISTORY OF SG STOCK OPTIONS AWARDED DISCLOSURES OF SUBSCRIPTIONS OR PURCHASES [1]									
Date of the Board of Directors' meeting	09/03/10	09/03/09	21/03/08	18/09/07	19/01/07	25/04/06	18/01/06	13/01/05	14/01/04
Total number of shares[2] available for subscription or purchase	1,000,000	1,044,552	2,328,128	135,729	1,418,916	154,613	1,738,543	4,656,319	4,267,021
o/w number of shares available for subscription or purchase by corporate officers									
Corporate Officer 1: Jean-François SAMMARCELLI[3]	0	28,456	26,830	0	16,747	0	18,074	0	0
Corporate Officer 2: Vincent TAUPIN [3]	28,134	0	0	0		0			
Corporate Officer 3: Marc BATAVE [4]	3,751	4,813	0	0		0			
Beginning of exercise period	09/03/14	31/03/12	21/03/11	18/09/10	19/01/10	25/04/09	18/01/09	13/01/08	14/01/07
Expiry date	08/03/17	08/03/16	20/03/15	17/09/14	18/01/14	24/04/13	17/01/13	12/01/12	13/01/11
Subscription or purchase price [5]	41.20	23.18	63.60	104.17	115.60	107.82	93.03	64.63	60.31
Terms of exercise (where the plan includes more than one tranche)									
Number of shares subscribed for at 31/12/2011	0	411	0	0	0	0	2,174	53,340	727,877
Total number of cancelled or expired options	8,784	115,186	1,260,266	31,142	292,164	39,728	149,570	369,705	3,539,144
Number of stock options remaining at period end	991,216	908,955	1,067,862	104,587	1,126,752	114,885	1,586,799	4,233,274	0

(1) *This table covers only those plans under which corporate officers were awarded stock options.*

(2) *Exercising an option entitles the holder to one Société Générale share. This table reflects the adjustments made following capital increases. This line does not include options exercised since the date of allocation.*

(3) *Appointed as corporate officers on January 1, 2010*

(4) *Appointed as a corporate officer on November 1, 2008*

(5) *The subscription or purchase price is equal to the average of the 20 share prices prior to Board of Directors' meeting.*

Table 9

STOCK OPTIONS AWARDED TO THE TOP TEN HIGHEST PAID EMPLOYEES NOT SERVING AS SENIOR CORPORATE OFFICERS AND OPTIONS EXERCISED BY THESE EMPLOYEES *		
	Total number of options awarded/share subscriptions or purchases	Average weighted price
Options awarded during the fiscal year by the issuer to the top ten highest paid employees of Crédit du Nord Group (the number indicated is the highest number of options awarded)*	0	0.00
Options held by the issuer and exercised during the fiscal year by the top ten highest paid employees of Crédit du Nord Group (the number indicated is the highest number of options exercised)	0	0.00

* *No stock option plan was established by Société Générale during financial year 2011.*

Table 10

SITUATION OF THE SENIOR CORPORATE OFFICERS										
	Dates of mandates		Employment contract with Crédit du Nord [(1)]		Supplementary pension plan [(2)]		Compensation or benefits due as a result of termination or change of position		Compensation related to a non-compete clause	
	start	end	yes	no	yes	no	yes	no	yes	no
Jean-François SAMMARCELLI Chairman	2010	2013		X	X [(3)]			X		X
Vincent TAUPIN Chief Executive Officer	2010	2011		X	X [(3)]			X		X
Marc BATAVE Deputy Chief Executive Officer	2008 renewed in 2010	29/07/11		X [(4)]	X			X		X

(1) As regards the combination of a corporate mandate with an employment contract, the only positions addressed by the AFEP/MEDEF recommendations are Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer of companies with a Board of Directors.

(2) Detailed information on the supplementary pension plans is provided in the section entitled «Information on Corporate Officers».

(3) Paid by Société Générale

(4) Employment contract until 31/10/2008, suspended during the term of office.

Statutory Auditors' Report on the Annual Financial Statements

Fiscal year ending December 31, 2011

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the annual financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions and disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Crédit du Nord;
- the justification of our assessments;
- the specific verification and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 annual 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 annual 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 annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 december 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of your assessments

The accounting estimates used in the preparation of the annual financial statements as at December 31, 2011 were made in a context of uncertainty, arising as a result of the sovereign debt crisis of some eurozone countries (most notably in Greece). This crisis is accompanied by an economic and also a liquidity crisis resulting in a lack of visibility concerning economic prospects. In that context and in accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the annual financial statements, your Company records depreciations and provisions to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the annual financial statements, related in particular to the valuation of investments in subsidiaries and of its securities portfolio, as well as the assessment of pension plans and other post-employment benefits. We have reviewed and tested, the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the annual financial statements.

- In the more specific context of volatility on financial markets and the sovereign debt crisis of some countries:
  - As detailed in note 1 to the annual financial statements, your Company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions, and verifying that the risks and results related to these instruments were taken into account.
  - Likewise, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.

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 verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your Company from Companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, April 18, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES
Jean-Marc MICKELER

ERNST & YOUNG et Autres
Bernard HELLER

Statutory Auditors' Report on Related Party Agreements and Commitments

Approval of the financial statements for the reporting period ended December 31, 2011 by the General Meeting of Shareholders

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de commerce) concerning the implementation, during the year, of agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

In accordance with Article L. 225-40 of the French commercial code (Code de commerce), we have been advised of certain related party agreements and commitments which were authorised by your Board of Directors.

1. With Societe Generale, your shareholder

Nature and purpose

Creating a common Information System to Retail Banking France Societe Generale Group.

Conditions

Under the Convergence program, and to respond to a logical improvement of service related to IT needs of various businesses of retail banking Societe Generale Group, the establishment of a common information system is a major lever of operational efficiency, through the synergies developed and the sharing of skills. The choice to build this Information System with assets of each brand of retail banking in France's Societe Generale led the establishment of a common organization, the Direction of Information Systems, Organization and Process (SIOP), housed within the Societe Generale Group. SIOP aims to secure the operation of the Information System and to optimize the expected synergies, with the aim of reducing the share of GNP related to IT Department.

The Board Of Directors met on May 6, 2011 and authorized the signature of documents necessary for the implementation of this project, so the signature of :

- The contract (letter of intent and operating agreement) that specifies the general legal, administrative and financial institutions in which SIOP provides services to its customers and the implementation of the contract, its scope and its governance;
- The transfer agreement that specifies, as part of the implementation of the aforesaid contract, the terms of transfer and assignment of rights, duties and obligations of the Credit du Nord to SIOP, including proposals for the disposal of certain assets (including intangible assets) at fair value. Based on the simulation carried out in June 2011 as part of drafting the sale agreement, and subject to the implementation of the deployment schedule of the project Convergence, defined on the same date, it is stated that:
  - The net book value of all assets to be sold is EUR 33,767,000 on December 31, 2011.
  - No assignment was made during the year 2011.
  - The gain in 2012 is estimated at EUR 1,486,000.
  - The overall gain from the sale to end 2015 is estimated at EUR 6,520,000.

This approach takes into account the full cost of projects, less a discount of obsolescence, and a discount related to adjustment costs of IT assets.

During the year 2011, the invoice of the services provided under the Service Agreement signed between SIOP and Crédit du Nord totalled EUR 41,627,000 before tax.

Agreements and commitments already approved by the the General Meeting of Shareholders

In accordance with Article R. 225-30 of the French commercial code (Code de commerce), we have been advised that the following agreements and commitments which were approved in prior years remained current during the year.

1. With Société Générale, your shareholder

Nature and purpose

Pooling of IT infrastructures.

Conditions

In the interest of generating Groupwide synergies, a subcontracting agreement with a Société Générale department (GTS) was developed in the first half of 2009 and implemented on August 1, 2009. This sub contracting agreement pertained to the deployment, production and maintenance of IT technical infrastructure services, and involved the invoicing in euros of expenses incurred by GTS in 2010. The Board of Directors, which met on July 23, 2009, authorized the signing of the necessary agreements for the implementation of this agreement. The invoicing of the services rendered in 2010 totalled EUR 40,873,000 before tax.

2. With M. Marc BATAVE, Deputy Chief Executive Officer

Nature and purpose

Pension commitments in favor of Mr. Marc BATAVE

Conditions

Mr. Marc BATAVE holds an employment contract with Crédit du Nord, the application of which was suspended during his appointment as Deputy CEO in November 2008, and his re-appointment in January 2010, for the term of his corporate mandate. During the term of his corporate mandate, Mr. Marc BATAVE shall maintain all of the benefits acquired prior thereto as an employee of Crédit du Nord. He shall notably maintain the benefit of the provisions of the supplementary pension plan for senior group managers established by the Supervisory Board of Crédit du Nord on September 5, 1996. This plan guarantees that, at the date on which the pension benefits are settled by Social Security, beneficiaries shall receive an additional pension corresponding to the difference between:

- an amount equal to 50% of the average, calculated over the last five best years out of the last ten years of employment, of the annual gross sums received for employment with Crédit du Nord Group, although the amount thus determined may not exceed 60% of the annual contractual compensation for these same years;
- if less, the total of the pension plans (excluding increases for large families) and other income acquired from Social Security, of any other basic plans, of any other statutory retirement plans by distribution or capitalisation, of any compensation received for dismissible positions after retirement, and of any compensation received from positions held prior to employment with the Group.

It is stated that Mr. Marc BATAVE acquires no new right to supplementary pension since July 29. His rights were set at this date and will be liquidated when it will assert its right to retire of Social Security.

Neuilly-sur-Seine and Paris-La Défense, April 18, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc MICKELER	Bernard HELLER

Draft Resolutions : General Meeting of Shareholders of May 11, 2012

Resolutions within the authority of the Ordinary General Shareholders' Meeting

First resolution

Approval of the consolidated financial statements

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, and having read the Board of Directors' Report and the Statutory Auditors' Report on the consolidated financial statements, the Shareholders' Meeting hereby approves the transactions cited therein, the balance sheet closed at December 31, 2011 and the income statement for fiscal year 2011.

The Shareholders' Meeting approves the net income after taxes (Group share) of EUR 314,834,000.00.

Second resolution

Approval of the individual financial statements and release of the directors from their duties

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, and having read the Board of Directors' Report and the Statutory Auditors' Report on the individual financial statements, the Shareholders' Meeting hereby approves the transactions recorded therein, the balance sheet closed at December 31, 2011 and the income statement for fiscal year 2011. The Shareholders' Meeting approves the net income after taxes of EUR 226,890,863.14.

Accordingly, the Shareholders' Meeting fully and without reservation releases the Directors from their mandates for said fiscal year.

Third resolution

Distribution of earnings

Acting in accordance with the quorum and majority requirements established for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby resolves to allocate net income for the period amounting to EUR 226,890,863.14.

An amount of EUR 2,162,081.79 is subtracted from this amount for the purposes of raising the legal reserve from EUR 86,864,243.01 to EUR 89,026,324.80.

Earnings, less the amount allocated to the legal reserve, plus earnings carried forward from the previous period, i.e. EUR 284,059.81, results in total income available for distribution of EUR 225,012,841.16, which the Shareholders' Meeting resolves to allocate as follows:

- a total dividend payment of EUR 222,565,812.00, giving a dividend per share of EUR 2.00;
- allocation of EUR 2,000,000.00 to the ordinary reserve;
- allocation of EUR 447,029.16 to retained earnings.

The ordinary reserve is therefore increased from EUR 806,000,000 to EUR 808,000,000.

For individuals residing in France, the dividend is subject to income tax on a progressive scale and is eligible for tax deduction pursuant to Article 158-3-2 of the French General Tax Code, except in cases where, prior to collection of the dividend or similar income received during the same year, said persons have opted for the flat-rate withholding tax pursuant to Article 117 quater of the French General Tax Code.

In accordance with the law, shareholders are hereby reminded that the following dividends were distributed over the past three years:

- in respect of Fiscal Year 2010: no dividend
- in respect of Fiscal Year 2009: EUR 3.50 per share*
- in respect of Fiscal Year 2008: EUR 1.40 per share*

* *Dividend eligible for the 40% tax deduction in favour of individual shareholders or for the flat-rate withholding tax.*

Fourth resolution

Agreements addressed by Article L. 225-38 et seq. of the French Commercial Code

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting has read the Statutory Auditors' Special Report on agreements and commitments addressed by Articles L.225–38 et seq. of the French Commercial Code and hereby approves said report.

Fifth resolution

Ratification of the co-opting of a Director

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby ratifies the co-opting of Mr. Philippe AYMERICH to replace Mr. Vincent TAUPIN as Director for the remainder of his term, i.e. until the Shareholders' Meeting convened to approve the financial statements for fiscal year ending December 31, 2014.

Sixth resolution

Reappointment of a Director

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby reappoints Mr. Didier ALIX as a Director for a term of four years. His mandate will expire at the end of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2015.

Seventh resolution

Reappointment of a Director

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby reappoints Mr. Séverin CABANNES as a Director for a term of four years. His mandate will expire at the end of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2015.

Eighth resolution

Renewal of a Statutory Auditors' mandate

Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby renews the mandate of the Statutory Auditors firm DELOITTE et Associés, located at 185 avenue Charles de Gaulle, 92524 Neuilly Sur Seine, France, for a term of six years, expiring at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for fiscal year 2017.

Ninth resolution **Renewal of a Statutory Auditors' mandate**	Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby renews the mandate of the Statutory Auditors firm ERNST & YOUNG et Autres, located at 1/2, place des Saisons, 92400 Courbevoie - Paris-la Défense 1, France, for a term of six years, expiring at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for fiscal year 2017.
Tenth resolution **Renewal of an Alternate Statutory Auditors' mandate**	Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby renews the mandate of the Alternate Statutory Auditors firm BEAS, located at 185 avenue Charles de Gaulle, 92524 Neuilly Sur Seine, France, for a term of six years, expiring at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the fiscal year 2017.
Eleventh resolution **Renewal of an Alternate Statutory Auditors' mandate**	Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby renews the mandate of the Alternate Statutory Auditors firm PICARLE, located at 1/2, place des Saisons, 92400 Courbevoie - Paris-la Défense 1, France, for a term of six years, expiring at the end of the Ordinary General Shareholders' meeting convened to approve the financial statements for fiscal year 2017.
Twelfth resolution **Adjustment of the total budget for attendance fees**	Acting in accordance with the quorum and majority requirements laid down for Ordinary General Shareholders' Meetings, the Shareholders' Meeting hereby establishes the annual budget for attendance fees to be paid to Directors at EUR 81,000 until further notice.

Resolutions within the authority of the Extraordinary General Shareholders' Meeting

Thirteenth resolution **Amendment of the bylaws**	Acting in accordance with the quorum and majority requirements laid down for Extraordinary General Shareholders' Meetings, the Shareholders' Meeting hereby resolves to amend Article 11.2 of the bylaws as follows: «*The status and conditions of election of these Directors are set forth by Articles L.225-27 et seq. of the French Commercial Code, and by the present by-laws. There are three such Directors, two of whom represent the management and one of whom represents the other employees. Their term of office is three years.*»

Resolutions within the authority of the Ordinary General Shareholders' Meeting

Fourteenth resolution **Powers**	All powers are granted to bearers of a copy or extract of the minutes of this Shareholders' Meeting to carry out all formalities and publications relating to the preceding resolutions.

4 Additional information

General description of Crédit du Nord

Company name

Crédit du Nord

Head Office

28, place Rihour-59000 Lille, France

Legal form

A limited liability company (société anonyme) registered in France and governed by Articles L. 210-1 et seq. of the French Commercial Code.

The company has the status of a bank governed by Articles L. 311-1 et seq. of the French Monetary and Financial Code.

Registration number

SIREN 456 504 851 RCS Lille

APE activity code

6419 Z

Creation and expiration date

Crédit du Nord was founded in 1848 under the name «Comptoir national d'escompte de l'arrondissement de Lille».

It adopted the status of a limited liability company (société anonyme) in 1870 and took the name «Crédit du Nord» in 1871.

The date of expiration of the company is May 21, 2068, barring dissolution before this date or extension thereof as provided for by law.

Corporate purpose (article 3 of the bylaws)

The purpose of the company, under the conditions set forth by the laws and regulations applicable to credit institutions, is to perform with individuals or corporate entities, in France or abroad:

- all banking transactions;
- any and all transactions related to banking transactions, including in particular all investment or related services as governed by Articles L. 321-1 and 321-2 of the French Monetary and Financial Code;
- any and all acquisitions of ownership interests in other companies.

In accordance with the conditions set forth by the French Banking and Financial Regulation Committee, the company may also regularly engage in any and all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, the company may, on its own behalf, on behalf of third parties or jointly, engage in any and all financial, commercial, industrial, agricultural or real estate transactions that are directly or indirectly related to the above-mentioned activities or are likely to facilitate the execution thereof.

Share capital

Crédit du Nord's share capital stands at EUR 890,263,248, divided into 111,282,906 fully paid-up shares with a face value of EUR 8.

The shares comprising the company's capital are not subject to any pledge agreements.

Form of shares

All shares must be registered.

Disclosure requirements

No restrictions have been made to legal provisions concerning ownership thresholds.

Share transfer approval

The Shareholders' Meeting of April 28, 1997 ruled that the assignment, sale or transfer of shares to a third party which does not have the right to be a shareholder for any reason whatsoever, except in the event of estate transmission, liquidation, communal property between spouses or transfer to a spouse or next-of-kin, is subject to the company's prior approval In order to become final.

Parent company documents

The documents relating to Crédit du Nord, including its bylaws, financial statements, and the reports presented at its Shareholders' Meetings by the Board of Directors or Statutory Auditors, can be consulted at the Bank's Corporate Secretariat / Corporate Office at 59, boulevard Haussmann, 75008 Paris, France.

Fiscal year

From January 1 to December 31.

Allocation and distribution of income

(article 22 of the bylaws)

Net income for the year is determined in accordance with all currently applicable laws and regulations. At least 5% of net income for the year, less any previous accumulated losses if any, must, by law, be set aside to form a legal reserve until this reserve reaches one-tenth of share capital.

Net income available after said allocation to legal reserves, as well as any retained earnings, constitutes «income available for distribution» from which dividends may be paid out and/or funds allocated to ordinary, extraordinary or special capital reserves as approved by the Shareholders' Meeting on the basis of the recommendations made by the Board of Directors.

The Shareholders' Meeting called to approve the financial statements for the fiscal year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the choice between payment of the final or interim dividends in cash or in shares, under the conditions set forth by the currently applicable legislation. Shareholders must exercise this option for the entire amount of final or interim dividends to be received for the fiscal year.

Except in the case of a reduction in share capital, no distribution to shareholders may take place where shareholders' equity is or would as a result of said distribution be lower than the amount of the company's share capital plus any legal reserves which, in accordance with the law or under the company's bylaws, are not available for distribution.

Shareholders' Meeting (article 19 of the bylaws)

The Shareholders' Meeting, when duly formed, represents all shareholders and exercises all powers devolved to it by law.

It is convened to rule on those items listed on the agenda in accordance with the currently applicable legal and regulatory provisions.

The right to take part in the Meeting is subject to registration of shares in the name of the shareholder at least five days before the date of the meeting.

Profit-sharing

A profit-sharing agreement was signed on June 30, 2010 which applies to fiscal years 2010 through 2012.

All payments therein are calculated on the basis of 6.5% of gross operating income adjusted for certain parameters. 35% of profit-sharing is paid out in equal amounts (capped at EUR 4 million), with the remainder paid in proportion to gross annual salaries excluding performance bonuses. Total profit-sharing is capped at 8.5% of gross fiscal remuneration paid to all company employees in the year in question.

Crédit du Nord makes an additional «employer's contribution» where employees pay any profit-sharing into the Company Savings Plan or into the Company Pension Savings Plan (PERCO), in accordance with pre defined scales and limits.

Change in capital

	2011	2010	2009	2008	2007
Shares outstanding	111,282,906*	111,282,906*	92,532,906	92,532,906	92,532,906
Par value per share (in euros)	8	8	8	8	8
Capital stock (in EUR)	890,263,248*	890,263,248*	740,263,248	740,263,248	740,263,248
Maximum number of shares to be created**	-	-	-	-	-
Total number of potential shares	111,282,906*	111,282,906*	92,532,906	92,532,906	92,532,906
Potential share capital (in euros)	890,263,248*	890,263,248*	740,263,248	740,263,248	740,263,248

* *Capital increase of EUR 150,000,000 approved by the Extraordinary Shareholders' Meeting of September 15, 2010, fully subscribed by Société Générale with a view to financing the acquisition of Société Marseillaise de Crédit.*

** *Created by convertible debt and/or the exercise of stock options.*

Ownership and voting rights at December 31, 2011

Société Générale	100%
Members of the Management Bodies	-
Employees (via specialised fund managers)	-

Double voting rights

None.

Changes in ownership in the last three years

On December 11, 2009, Dexia Crédit Local and Dexia Banque Belgique each sold their 10% interest in Crédit du Nord to Société Générale.

Société Générale now owns more than 99% of Crédit du Nord.

Dividend payments

- A dividend per share of EUR 2.05 was paid out in respect of FY 2007.
- A dividend per share of EUR 1.40 was paid out in respect of FY 2008.
- A dividend per share of EUR 3.50 was paid out in respect of FY 2009.
- No dividend was paid in respect of FY 2010.
- On May 11, 2012, a proposal will be put forward to the Shareholders' Meeting to pay a dividend of EUR 2.00 per share in respect of fiscal year 2011.

Stock market information

Not applicable: Crédit du Nord shares are not listed on any markets.

Group activity

Use of patents and licences

Not relevant.

Legal risks

Crédit du Nord is a credit institution approved to operate as a bank. As such, it may engage in any and all banking transactions.

It is also authorised to provide any and all investment or related services as referred to in Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code. As an investment service provider, Crédit du Nord is subject to the applicable regulatory framework, in particular prudential rules and the controls of the French Banking Commission. All managers and employees are bound by professional secrecy, the breach of which is subject to criminal penalties.

Crédit du Nord is also an insurance broker.

Litigation and extraordinary circumstances

To date there are no extraordinary circumstances and/or ongoing litigation that may have, or may have had in the recent past, a significant effect on the business, income, financial position or assets and liabilities of Crédit du Nord or its subsidiaries.

Other special risks

To the best of Crédit du Nord's knowledge, no such risk currently applies.

Insurance

General policy

Crédit du Nord's insurance policy aims to obtain the best coverage with respect to the risks to which it is exposed.

A certain number of major risks are covered by policies taken out as part of Société Générale's Global Insurance Policy, while others are covered by policies taken out by Crédit du Nord.

Risks covered by the Société Générale Global Insurance Policy

1. Theft/fraud

These risks are included in a «global banking» policy that insures the banking activities of Crédit du Nord and its subsidiaries.

2. Professional liability insurance

The consequences of any lawsuits are insured under the global policy. The level of coverage is the best available on the market.

3. Operating losses

The consequences of an accidental interruption in activity are insured under the global policy. This policy complements the business continuity plans.

4. Third-party liability insurance of the corporate officers

The purpose of this policy is to cover the company's managers and directors in the event of claims filed against them and invoking their liability.

Risks covered by Crédit du Nord policies

1. Buildings and their contents

Buildings and their contents are insured by a multi-risk policy with a ceiling of EUR 76,500,000.

2. IT risks

This insurance covers any loss or damages to equipment (hardware, media) used to process information.

3. Liability insurance linked to operations

This insurance covers any pecuniary damages to third parties incurred by all persons or equipment deemed necessary for the company's operations.

Other risks linked to activities

Within the framework of all Group contracts, Crédit du Nord offers customers insurance on their loans covering death, invalidity and inability to work (property loans, consumer loans, etc.).

Responsibility for the Registration Document and audit

Person responsible for the Registration Document

Philippe AYMERICH, Chief Executive Officer since January 11, 2012.

Certification by the person responsible for the Registration Document

I hereby certify, having taken all reasonable measures to this end, that to the best of my knowledge, the information contained in this Registration Document is true and that there are no omissions that could impair its meaning.

I certify that to the best of my knowledge, the financial statements were drawn up in accordance with applicable accounting standards and present fairly, in all material respects, the financial position and results of the parent company and of the entire Group as constituted by the consolidated companies, and that the Management Report (including the cross-reference table for the annual report, in Chapter 4, page 214, which indicates the content) accurately reflects the development of business, results and the financial situation of the parent company and of the entire Group as constituted by the consolidated companies, as well as a description of the main risks and uncertainties to which they are exposed.

I received a letter of completion from the Statutory Auditors in which they state that they verified the information in respect of the financial position and accounts presented in the Registration Document, which they have read in its entirety.

The historic financial information presented in the Registration Document was addressed in Statutory Auditors' reports, appearing on pages 134 and 135, 196 and 197 of this document, in addition to financial information for fiscal years 2009 and 2010, respectively on pages 136 and 137, 196 and 197 of the 2009 Registration Document and pages 138 and 139, 204 and 205 of the 2010 Registration Document. The Statutory Auditors' reports referring to the 2009, 2010 and 2011 annual parent company financial statements contain observations.

Paris, April 27, 2012

Chief Executive Officer,
Philippe AYMERICH

Statutory Auditors

ERNST & YOUNG et Autres
Represented by Bernard Heller

Adress:
1/2, place des Saisons
92 400 Courbevoie - Paris-La Défense 1

Date of last appointment:
May 18, 2006 for six fiscal years

Expiry of current mandate:
at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2011.

Alternate Statutory Auditors:
PICARLE et Associés

DELOITTE & ASSOCIES
Represented by Jean-Marc MICKELER

Adress:
185, avenue Charles de Gaulle
92 200 Neuilly-sur-Seine

Date of last appointment:
May 18, 2006 for six fiscal years

Expiry of current mandate:
at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2011.

Alternate Statutory Auditors:
BEAS

Cross Reference tables

1. Cross Reference table for the Registration Document

In accordance with Article 28 of EC Regulation No. 809/2004 of April 29, 2004, the following information is included for reference purposes in the Registration Document:

- individual and consolidated financial statements for the fiscal year ended December 31, 2010, the related Statutory Auditors' reports and the Group Management Report appearing on pages 44-190, pages 138-139, pages 204-205 and pages 13-28 of the Registration Document filed with the AMF on April 28, 2011 under No.D.11-0392;
- individual and consolidated financial statements for the fiscal year ended December 31, 2009, the related Statutory Auditors' reports and the Group Management Report appearing on pages 46-183, pages 136-137, pages 196-197 and pages 12-31 of the Registration Document filed with the AMF on April 28, 2010 under No. D.10-0346;
- the chapters of Registration Document Nos. D.11-0392 et n° D.10-0346 not listed above are either not applicable for investors or are covered in another section of this Registration Document.

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2. Cross Reference table for the Annual Financial Report

In accordance with Article 222-3 of the General Regulations of the Autorité des Marchés Financiers (French Securities Regulator), the annual financial report mentioned in Section I of Article L.451-1-2 of the French Monetary and Financial Code includes the items described in the following pages of the Registration Document:

This registration document is available online at www.groupe-credit-du-nord.com

Responsible for the information: Frédéric Figer – Tel : 33 (0)1 40 22 45 45 – Email: frederic.figer@cdn.fr