Consolidated financial statements of Credit Agricole Assurances at 31 December 2012

GENERAL INFORMATION

Presentation of Crédit Agricole Assurances Group

Crédit Agricole Assurances, a *société anonyme* with a Board of Directors, is the Crédit Agricole Group's holding company owning, under the control of Crédit Agricole S.A., the Group's holdings in various insurance and reinsurance companies in France and internationally.

The purpose of Crédit Agricole Assurances is to acquire and manage holdings in insurance and reinsurance companies without directly acting to provide insurance contracts or enter into reinsurance contracts.
Crédit Agricole Assurances Group is regulated by the Autorité de Contrôle Prudentiel.

Legal information

- Company name: CREDIT AGRICOLE ASSURANCES
- Company form : French limited liability company (*société anonyme*) with a Board of Directors
- Registered offices : 50/56, rue de la Procession – 75015 PARIS
- Share Capital : €1,162,542,980 (last changed on 7 October 2010)
- Place of registration : Tribunal de commerce de Paris
- Company Number : 2004 B 01471

INSEE data

- N° Siren : 451 746 077
- N° Siret : 451 746 077 00036
- Code N0000AF : 6420Z (Holding company activities)
- Legal Category : 5599 (Société anonyme with a Board of Directors)

Tax information

- T.V.A registration number : FR 27 451 746 077 (EU intra-community number)
- T.V.A regime: Real normal

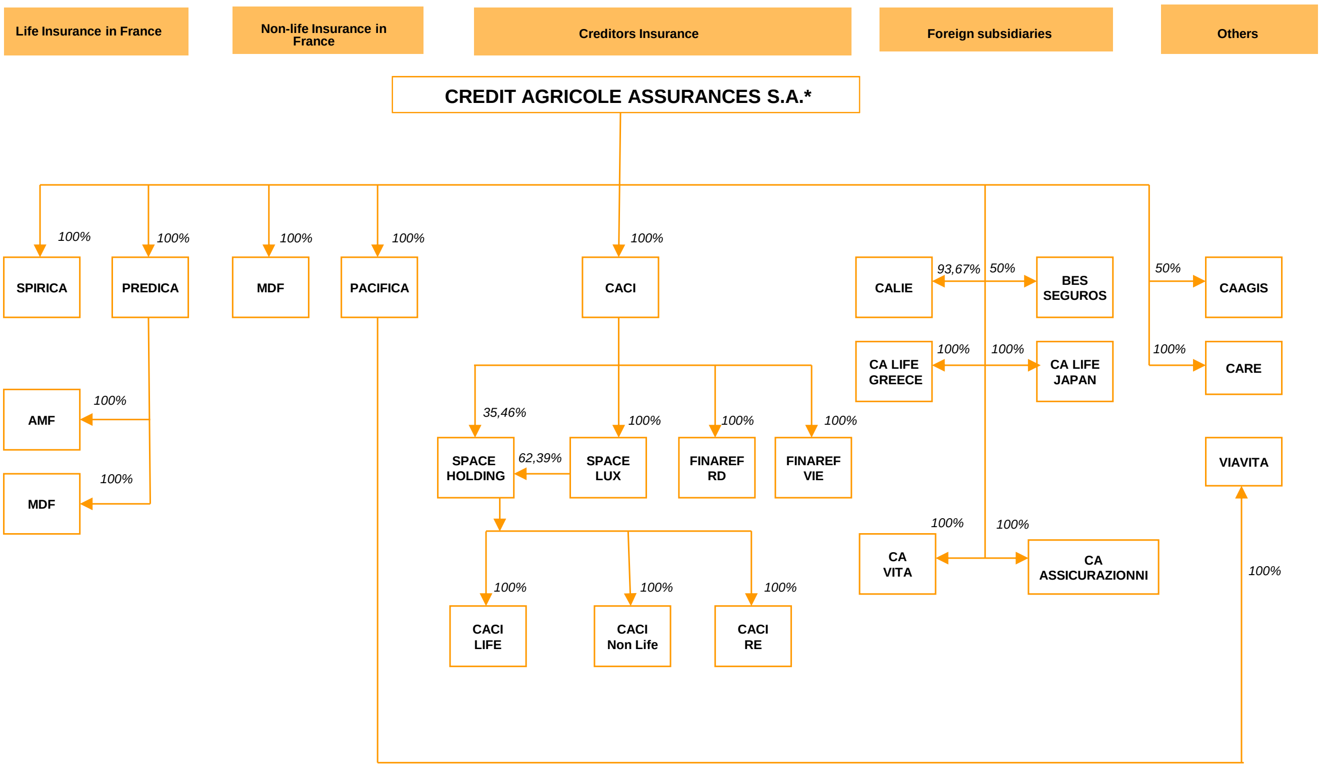
Shareholders

Share capital in Crédit Agricole Assurances consists of 116,254,298 shares of €10 each, held by:

- Crédit Agricole S.A.: 99.99%
- Other Directors: 0.01%

Simplified organizational structure of Crédit Agricole Assurances Group

The diagram below represents the scope of consolidation of the Crédit Agricole Assurances Group, with the exception of consolidated
Real estate and mutual funds vehicles.



Related party information

Parties related to the Crédit Agricole Assurances Group are companies within the Crédit Agricole S.A. Group and the main Directors of the Crédit Agricole Assurances Group.

Relations with the Credit Agricole Group

The majority of the financing of Crédit Agricole Assurances is provided by the Crédit Agricole Group.
At 31 December 2012, €2.1 billion perpetual subordinated loan notes and €1.7 billion redeemable subordinated loan notes were issued to Crédit Agricole S.A.

Within its investment portfolio, the Crédit Agricole Assurances Group holds securities issued by Crédit Agricole S.A. for a total of €20.7 billion.

As part of its bancassurance activities in France, Crédit Agricole Assurance delegates certain functions to other entities within the Crédit Agricole Group:

- the sale of insurance contracts is carried out through the banking networks of the Regional Banks and LCL in France and abroad and through the networks of international partners (including Cariparma in Italy, Bes in Portugal and Lukas Bank in Poland);
- administrative management of life insurance contracts sold by banking networks is delegated to the distributors (with Regional Banks in turn delegating some elements of this management to CAAGIS);
- asset management is delegated to specialist entities in various markets (Amundi, CA Immobilier, CACEIS, etc.);
- claims handling in France is managed by SIRCA (a company created by Pacifica and the Regional Banks).

Similarly, retirement benefit obligations of the Crédit Agricole S.A. Group are, in part, covered by collective insurance agreements with Predica. These agreements include the creation of collective investment funds for the purpose of covering retirement bonuses and certain pension schemes, to which contributions are paid by the employer, the management of these funds by the insurance companies and the payment to beneficiaries of bonuses and retirement benefits as set out in the various schemes.

Relationship between companies consolidated by the Crédit Agricole Group Insurance

The list of companies consolidated by the Crédit Agricole Assurances Group is set out in Note 10 – Consolidation scope.
Transactions between two fully consolidated companies are completely eliminated.

Intragroup transactions that have been subject to eliminations having an effect on the income statement for the year are presented in Note 4 - Segment information.

Relations with main Directors

Information on the compensation paid to the main Directors is set out in Note 7 - Employee benefits and other compensation.

There are no significant transactions between Crédit Agricole Assurances and its main Directors, their families or companies under their control which are not included in the Group's scope of consolidation.

Consolidated Financial Statements

Balance sheet assets

€ millions	Notes	31.12.2012	31.12.2011
Goodwill	Note 5.1	874	1,112
Value of business in-force	Note 5.2	14	76
Other intangible assets	Note 5.3	249	226
Intangible assets		**1,137**	**1,414**
Investment in real estate properties	Note 5.4	2,968	2,494
Unit-linked Investment in real estate properties	Note 5.4	-	1
Financial investments	Note 5.4	215,490	195,430
Unit-linked financial investments	Note 5.4	41,568	40,371
Derivative instruments and separated embedded derivatives	Note 5.5	873	825
Investments from insurance activities	**Note 5.4**	**260,899**	**239,121**
Investments in associated undertakings		**-**	**-**
Share of concessionaires and retrocessionaires in liabilities relating to insurance and financial contracts	**Note 5.6**	**1,184**	**1,008**
Operating real estate and other property, plant and equipment	Note 5.7	246	263
Deferred acquisition costs	Note 5.8	790	807
Deferred participation assets	Note 5.19	-	5,257
Deferred tax assets	Note 5.9	47	583
Receivables resulting from insurance and assumed reinsurance operations	Note 5.10	1,556	1,496
Receivables resulting from ceded reinsurance operations	Note 5.11	90	190
Current income tax assets		29	245
Other receivables	Note 5.12	1,387	2,318
Other assets		**4,145**	**11,159**
Assets available for sale		**-**	**-**
Cash and cash equivalents		**6,276**	**4,940**
TOTAL ASSETS		**273,641**	**257,642**

Balance sheet liabilities

€ millions	Notes	31.12.2012	31.12.2011
Issued capital and equivalent		1,163	1,163
Issue, merger and transfer premium		5,391	6,975
Gains and losses recognised directly in equity		1,170	(344)
Retained earnings		2,030	2,156
Net income for the year		750	433
Group shareholders' equity		**10,504**	**10,383**
Minority interests		**27**	**193**
Total shareholders' equity	**Note 5.13**	**10,531**	**10,576**
Provisions for risks and charges	**Note 5.14**	**176**	**353**
Subordinated debt	Note 5.15	3,936	2,268
Debt to banking establishments		1,345	1,230
Financial debt		**5,281**	**3,498**
Technical liabilities on insurance contracts		93,557	87,111
Technical liabilities on unit-linked insurance contracts		37,093	33,386
Technical liabilities on insurance contracts	**Note 5.16**	**130,650**	**120,497**
Technical liabilities on financial contracts with discretionary participation		99,392	102,563
Technical liabilities on financial contracts without discretionary participation		360	684
Technical liabilities on unit-linked financial contracts		4,493	7,073
Technical liabilities on financial contracts	**Note 5.16**	**104,245**	**110,320**
Deferred participation reserve	**Note 5.19**	**10,380**	**-**
Contract-related liabilities		**245,275**	**230,817**
Deferred tax liabilities	Note 5.9	590	248
Operating debt represented by securities		-	-
Operating debt to banking establishments		4,402	3,532
Debt resulting from insurance or assumed reinsurance operations	Note 5.20	1,617	1,648
Debt resulting from ceded reinsurance operations	Note 5.21	993	965
Current income tax liabilities		178	109
Derivative instrument liabilities	Note 5.5	7	38
Other debts	Note 5.22	4,591	5,858
Other liabilities		**12,378**	**12,398**
Liabilities of businesses identified for sale or discontinuation		**-**	**-**
TOTAL LIABILITIES		**273,641**	**257,642**

Consolidated income statement

€ millions	Notes	31.12.2012	31.12.2011
Written Premiums	Note 6.1	22,563	24,345
Change in unearned premiums	Note 6.1	(53)	(130)
Earned premiums	**Note 6.1**	**22,510**	**24,215**
Revenue or income from other activities	**Note 6.1**	**104**	**126**
Investment income	Note 6.2	7,708	8,434
Investment expense		(375)	(315)
Gains/(losses) on investment net of reversals of impairment and depreciation	Note 6.2	(331)	816
Change in fair value of investments recognised at fair value through profit or loss	Note 6.2	5,363	(2,851)
Change in impairment on investments	Note 6.2	(330)	(6,164)
Investment income net of expenses		**12,035**	**(80)**
Service Contract expenses	**Note 6.4**	**(29,580)**	**(19,920)**
Revenue from reinsurance operations		391	267
Expenses from reinsurance operations		(507)	(458)
Net reinsurance income or expense	**Note 6.7**	**(116)**	**(191)**
Acquisition costs	Note 6.5	(1,834)	(1,826)
Amortization of portfolio assets and alike	Note 6.5	(4)	(8)
Administrative expense	Note 6.5	(1,161)	(1,223)
Other current operating income and expense	Note 6.5	(213)	(270)
Other operating income and expense	Note 6.5	(191)	(31)
OPERATING INCOME		**1,550**	**792**
Financing expense	Note 5.15	(177)	(170)
Share in income from equity affiliates		-	-
Income tax	Note 6.8	(621)	(283)
CONSOLIDATED NET INCOME		**752**	**339**
Minority interests		2	(94)
Net income (Group share)		**750**	**433**

Net income and gains and losses recognised directly in equity

€ millions	31.12.2012	31.12.2011
Net income – Group share	750	433
Translation differences	(7)	4
Revaluation of financial assets available for sale and hedging derivatives	17,000	(3,148)
Revaluation of hedging derivatives	116	301
Actuarial differences on defined benefits schemes	(7)	3
Shadow accounting before deferred taxes	(14,935)	2,528
Deferred taxes	(702)	87
Total gains and losses recognised directly in equity - Group share	1,465	(223)
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	2,263	34
Of which: Group share	2,215	210
Minority interests	48	(176)

Statement of changes in equity

€ millions	Group share: Issued capital and equivalent	Group share: Issue, merger and transfer premium	Group share: Gains and losses recognised directly in equity	Group share: Retained earnings	Group share: Total Group share	Minority interests	**Total consolidated shareholders' equity**
CLOSING POSITION AT 31 DECEMBER 2010	**1,163**	**7,042**	**(134)**	**2,992**	**11,064**	**244**	**11,307**
Gains and losses recognised directly in equity			(223)		(223)	(82)	(305)
Consolidated net income				433	433	(94)	339
Total net income and gains and losses recognised directly in equity			**(223)**	**433**	**210**	**(176)**	**34**
Dividend payout		(67)		(837)	(904)	(3)	(907)
Capital operations						112	113
Change in scope							
Other changes			13	1	14	15	29
CLOSING POSITION AT 31 DECEMBER 2011	**1,163**	**6,975**	**(344)**	**2,589**	**10,383**	**193**	**10,576**
Gains and losses recognised directly in equity			1,465		1,465	46	1,511
Consolidated net income				750	750	2	752
Total net income and gains and losses recognised directly in equity			**1,465**	**750**	**2,215**	**48**	**2,263**
Dividend payout		(1,584)		(516)	(2,100)	(2)	(2,102)
Capital operations				(1)	(1)	1	
Change in scope[1]			45	(42)	3	(213)	(210)
Other changes			4		4		4
CLOSING POSITION AT 31 DECEMBER 2012	**1,163**	**5,391**	**1,170**	**2,780**	**10,504**	**27**	**10,531**

(1) The change in consolidation scope corresponds to:
- acquisition of minority interests in CA Vita (€175 million)
- disposal of Bes Vida (€38 million)

Cash flow statement

The cash flow statement is presented according to the indirect method model and in accordance with the presentation recommended by the Autorité des Normes Comptables in its recommendation n°2009-R-05 of 2 July 2009.

Operating activities represent those activities generating income for Crédit Agricole Assurances.
Tax payments are presented in their entirety under operating activities.

Investment activities represent transactions relating to investments and linked to property, plant and equipment and intangible assets. Strategic equity holdings included in "financial assets available for sale" are included in this section.

Financing activities result from changes relating to structural financial transactions affecting shareholders' equity and long-term debt.

Net cash includes cash at hand, credit and debit balances with banks and accounts (assets and liabilities) and call loans with lending establishments.

€ millions	31.12.2012	31.12.2011
Cash and cash equivalents	6,276	4,940
Operating debt to banking establishments	(4,402)	(3,532)
Cash and cash equivalents net of cash liabilities	1,874	1,408

€ millions	31.12.2012	31.12.2011
Operating income	1,550	792
Gains and losses on investments	(717)	(794)
Net depreciation and amortization	83	74
Change in deferred acquisition fees	11	(16)
Change in impairment	443	6,192
Net allocations to technical liabilities on insurance contracts and financial contracts	9,038	(564)
Net other provisions	(25)	30
Change in fair value of investments and other financial instruments recognised at fair value through profit or loss (excluding cash and equivalent)	(4,047)	1,706
Other non-cash items included in operating income	(913)	629
Correction of items included in operating income that do not correspond to cash movements and reclassification of financing and investment flows	3,873	7,257
Change in operating receivables and debts	1,492	27
Change in securities given or received under repurchase agreements	(1,665)	1,542
Net tax payments	(340)	(553)
CASH FLOW FROM OPERATING ACTIVITIES	4,910	9,065
Acquisitions of subsidiaries and joint ventures net of cash acquired	-	8
Disposals of subsidiaries and joint ventures net of cash transferred	(91)	
Cash flows relating to changes in consolidation scope	(91)	8
Cash flows relating to disposals and repayments of financial assets	89,215	75,562
Acquisitions of financial investments (incl. unit-linked) and derivative instruments	(92,603)	(84,069)
Acquisitions of investment property	(298)	(190)
Acquisition and/or issuance of investments and derivative instruments from other activities	-	-
Cash flows relating to changes in financial investments	(3,686)	(8,697)
Disposals of intangible assets and property plant and equipment	21	46
Acquisitions of intangible assets and property plant and equipment	(111)	(122)
Cash flows relating to acquisitions and disposals of intangible assets and property plant and equipment	(90)	(77)
CASH FLOW FROM INVESTMENT ACTIVITIES	(3,867)	(8,765)
Issues of capital instruments	-	113
Dividend payments	(2,102)	(907)
Cash flows relating to transactions with shareholders and members	(2,102)	(794)
Cash generated by issuance of financial debt	2,432	885
Cash allocated to repayment of financial debt	(733)	(494)
Expense relating to financial debt	(172)	(173)
Cash flow from financing activities	1,527	219
NET CASH FLOW FROM FINANCING ACTIVITIES	(575)	(575)
Opening cash and cash equivalents	1,408	1,684
Cash flow from operating activities	4,910	9,065
Cash flow from investment activities	(3,867)	(8,765)
Cash flow from financing activities	(575)	(575)
Other non-cash changes	-	-
Impact of translation differences on cash and cash equivalents	(2)	(1)
Cash and cash equivalents	1,874	1,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies applied to the Crédit Agricole Assurances Group, judgments and estimates used

Applicable standards and comparability

In accordance with CE regulation n°1606/2002, annual financial statements have been prepared in accordance with IFRS and IFRIC interpretations applicable at 31 December 2012 as adopted by the European Union (so-called 'carve out' version), and therefore use certain derogations in the application of IAS 39 relating to accounting for macro hedging.

These standards and interpretations are available on the European Commission website, at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The standards and interpretations used are identical to those used and described in the financial statement for Crédit Agricole Assurances at 31 December 2011.

They have been completed by the requirements of IFRS as adopted by the European Union at 31 December 2012, whose application became mandatory for the first time in the 2012 financial year.

These cover:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on
Amendment to IFRS 7 on the transfer of financial assets.	22 November 2011 (EU n° 1205/2011)	1 January 2012

- The application of these new measures did not have a material impact on the income or financial position for the period.

It should also be noted that where early adoption of standards and interpretations adopted by the European Union is optional in an accounting period, the option is not applied by the Group except where specifically stated. For Crédit Agricole Assurances this concerns, in particular:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on
Amendments to IAS 1 relating to the presentation of other comprehensive income, new analysis of other capital	5 June 2012 (EU n° 475/2012)	1 July 2012
Amendments to IAS 19 relating to retirement benefits (defined benefit plans)	5 June 2012 (EU n° 475/2012)	1 January 2013
IFRS 10 on consolidated financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 11 on joint arrangements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 12 on disclosure of interests in other entities	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 27 on separate financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 28 on investments in associates and joint ventures	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 12 relating to recovery of underlying assets	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 1 on severe hyperinflation; new guide for 1st time adopters who have (or have had) a functional currency affected by severe hyperinflation	11 December 2012 (EU n° 1255/12)	1 January 2013
IFRS 13 on fair value measurement	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 7 on disclosures relating to offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2013
Amendment to IAS 32 on presentation of offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2014

In effect:

- The amendment to IAS 1 requires, within gains and losses recognised directly in equity, that a distinction be made between recyclable and non-recyclable items.
- The amendment to IAS 19 relates primarily to the requirement to recognise actuarial differences on defined benefit plans as gains and losses recognised directly in equity. This method (which is optional under the current version of IAS 19) is already applied by the Group.
- The amendment to IAS 12 relates to a new method for evaluation of deferred tax assets and liabilities arising from temporary differences on certain revalued assets. This approach does not affect the Group, which has not opted for the method of revaluation of non-depreciable property, plant and equipment under IAS 16 nor investment real estate under IAS 40.
- The amendment to IFRS 1 applies only to first-time adopters.

Impact studies are being conducted on the application of IFRS 10, IFRS 12 and IFRS 13.

Standards and interpretations published by the IASB but not yet adopted by the European Union will not take mandatory effect until such adoption and were not therefore applied by the Group at 31 December 2012.

Presentation format of financial statements

In the absence of a model imposed under IFRS, Crédit Agricole Assurances uses the summary document format (balance sheet, income statement, statement of net income and gains and losses recognised directly in other comprehensive income, table of changes in shareholders' equity, cash flow statement) recommended in CNC recommendation n°2009-R-05 of 2 July 2009.

This presentation, adopted in 2009, has the following features:

- Revenue on contracts without discretionary participation feature is classified under the heading "Revenue or income on other activities"
- Assets and liabilities are listed on the balance sheet in increasing order of liquidity, as this presentation is more relevant for insurance companies than a classification into current and non-current items, as also allowed under IAS 1.
- Expenses in the income statement are classified by function rather than by nature. This presentation, which is allowed under IAS 1, is used by a large majority of insurance companies. Information on their analysis by nature is provided in the notes.

Accounting principles and policies

Use of judgments and estimates in the preparation of financial statements

The valuations needed to prepare financial statements require the formulation of assumptions and carry risk and uncertainty as to their future materialisation. These serve as the basis for the exercise of judgment, made necessary by the requirement to determine values for assets and liabilities that can not be obtained directly from other sources.

Future materialisation can be affected by a number of factors, notably:

- the activity of national and international markets;
- movements in interest rates and foreign exchange rates;
- economic and political conditions in certain sectors of activity or countries;
- changes in regulations or legislation;
- the behaviour of policyholders;
- demographic changes.

This list is not exhaustive.

The main balance sheet entries for which valuation requires judgment and the formulation of assumptions are the following:

- goodwill and the values of portfolios acquired, at the time of initial recognition and as part of subsequent impairment tests;
- financial instruments at fair value, including non-consolidated equity holdings;
- liabilities on insurance contracts and financial contracts;
- post-employment benefit schemes and other future employment-related benefits;
- stock option plans;
- lasting impairment on available for sale assets and financial assets held to maturity;
- provisions for risks and charges;
- deferred tax assets;
- deferred profit-sharing assets as part of recoverability tests.

Details of the use of judgments and estimates are set out in the relevant paragraphs below.

Annual accounts for Crédit Agricole Assurances are closed on 31 December. They include estimates where information is not available at the closing date. Financial investments are valued at closing prices and transactions carried out in the final month of the period having an impact on income are taken into account.

Exceptionally, the following two entities within Crédit Agricole Assurances close their individual company accounts on a date other than 31 December:

- Hypersud, whose closing date is 30 September;
- CA Life Japan, whose closing date is 31 March.

For these two entities, accounts are prepared for a 12 month period to 30 September to be consolidated in Group accounts to 31 December. The impact from the difference in closing dates is not material.

Intangible assets and deferred expenses

The main intangible assets are goodwill and values of contracts portfolio, acquired as part of a business combination or separately through the transfer of a portfolio, together with software acquired or developed internally.

◊ Goodwill

Goodwill (see "Principles and policies of consolidation") is assumed to have a perpetual value and is not therefore amortised; however, in accordance with IAS 36 it is subject to impairment testing where there are objective indicators of a loss of value and at least once per year.

For the purposes of these impairment tests, each item of goodwill is allocated to the various cash generating units (CGUs) of the Group that will benefit from the advantages expected to accrue from the business combination. CGUs are defined, within the Group's main business segments, as the smallest identifiable grouping of assets and liabilities operating according to its own business model. In practice, Crédit Agricole Assurances has used an entity-based approach.

Under the impairment tests, the carrying amount of each CGU, including that of the goodwill allocated to it, is compared to its recoverable amount.
The recoverable amount of the CGU is defined as the higher of its market value and its value in use. Value in use is calculated as the current value of estimated future cash flows at the CGU, as based on the medium-term plans drawn up for the purposes of its management.

Where the recoverable amount is lower than the carrying amount, an equivalent charge is made for impairment of the goodwill allocated to the CGU. This is irreversible.

◊ Value of portfolios of contracts acquired (value of business in-force)

The fair value of portfolios of contracts acquired separately or as part of a business combination is recognised as an asset on the balance sheet. This corresponds to the present value of estimated future profits generated by the existing contracts at the time of acquisition.

These portfolio values are amortised over the life of the contracts as profits materialise. This amortization is complemented by annual recoverability tests which take account of experience and changes in valuation hypotheses.

◊ Software

Software acquired is recognised at its acquisition cost, less amortization and depreciation accumulated since the acquisition date.

Software created internally is recognised at its production cost, less amortization and depreciation accumulated since the date of completion, where these meet the criteria of IAS 38 and in particular where it will generate future economic benefits for the company and where its cost can be assessed in a reliable manner. Only those expenses incurred during the development phase are capitalised; expenses incurred during the research phase are recognised directly in the income statement for the year.

Software is amortised based on its estimated useful life.

Start-up costs are not capitalised and are recognised directly in expenses for the year in which they arise.

◊ Deferred acquisition costs for insurance contracts and financial contracts with discretionary participation and costs incurred at the inception of financial contracts without discretionary participation

Variable costs incurred at the inception of life insurance contracts and investment contracts with discretionary participation as part of the creation of new business are recognised as assets on the balance sheet. The acquisition costs thus recognised are amortised over the life of the contracts as profits arise.

The recoverability of such assets are tested in tandem with the test of adequacy of liabilities (see below, "Insurance company liabilities"): any share of acquisition costs which, at the closing date, is not considered to be covered by estimated future gross profits is not classified as recoverable and is therefore recognised as an expense, in accordance with the requirements of CRC regulation 2000-05, which applies to contracts falling within the scope of IFRS 4.

Acquisition costs of non-life insurance contracts are deffered in proportion to the unearned premiums for the year.

For financial contracts without discretionary participation, which are governed by IAS 39, external acquisition costs incurred on subscription (at inception) are deferred in accordance with IAS 18.
IAS 18 does not allow the deferral of internal acquisition costs.

Symmetrically with the deferral of expenses incurred on the subscription of contracts, unearned commissions received are deferred via an entry in liabilities.
The recognition pattern is identical to that of deferred acquisition costs on insurance contracts.

For Predica, in the savings business segment, the Group does not recognised deferred acquisition costs, with commissions paid offset by commissions received.

Property, plant and equipment

◊ Operating and investment property

Operating real estate covers the buildings housing the company's services. Investment property covers rental property and shares in unlisted real estate companies.

Crédit Agricole Assurances recognises investment property at cost, applying the component method of accounting in accordance with IAS 16 and the option set out in IAS 40.

By exception, as allowed for under IAS 40, real estate assets backing contracts where the financial risk is borne by the policyholder are valued and recognised at fair value, with changes in fair value being recognised in the income statement.

Properties recognised at cost are analysed into four components, each with its own useful life and renewal schedule:

- major works (superstructure and infrastructure);
- secondary works (roofing, coverings, joinery, façades, external woodwork),
- technical installations (heating, ventilation, air conditioning, lifts, electrical systems);
- fixtures and fittings (decoration, wall and floor finishes, etc.).

Technical studies carried out by Crédit Agricole Assurances lead it to use a residual value corresponding to approximately 90% of the major works component. By definition, this residual value is not depreciated, however, if an element of major works were to suffer a significant and lasting loss of value (technological change, change of use, fall in price) a provision for depreciation; would be recognised.

◊ Depreciation of property, plant and equipment

Property, plant and equipment are amortised based on their estimated useful life. The depreciation periods used by Crédit Agricole Assurances are specific to each component and are adapted to its nature and, for property, its location:

Component	Depreciation period
Land	Non-depreciable
Primary structure	30 to 80 years
Secondary structure	8 to 40 years
Technical installations	5 to 25 years
Fixtures and fittings	5 to 15 years
IT equipment	4 to 7 years
Specialist equipment	4 to 5 years

If the carrying amount of the asset is greater than the recoverable amount an additional provision for impairment is created. The recoverable value, calculated where the property presents indicators of a loss of value, is the lower of fair value and value in use.

For buildings, fair value corresponds to an expert valuation, established at least every five years and updated annually by a suitably qualified independent valuer. This value is recorded in the notes to the financial statements (see note 5.4).

Indicators of a loss of value triggering a calculation of recoverable value are based on qualitative and quantitative information (carrying amount of the building more than 20% higher than valued amount).

Financial instruments

Financial assets and liabilities are treated in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, financial assets are valued at fair value including transaction costs (with the exception of financial instruments recognised at fair value through profit or loss).

At each closing date they are valued in accordance with their classification, either at fair value or at amortised cost using the effective interest rate method:

- The effective interest rate is the rate which exactly discounts future cash receipts or payments over the expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net carrying amount of the financial asset or liability.

- Rules for the determination of the fair value of financial instruments are set out in a separate section.

◊ Financial investments

Crédit Agricole Assurances recognises securities classified as "Securities held to maturity" and "Loans and receivables" on the date of settlement-delivery. Other securities, of whatever type, are recognised on the trading date.

Securities are classified into the four categories of financial assets defined by IAS 39:

- Financial assets at fair value through profit or loss by nature or designation;
- Financial assets held to maturity;
- Financial assets available for sale;
- Loans and receivables.

No financial asset at fair value has been reclassified under loans and receivables under the amendment to IAS 39 published in October 2008.

Financial assets at fair value through profit or loss by nature or designation

In accordance with IAS 39, this portfolio includes securities whose classification as assets at fair value through profit or loss results either from a real intention for their use in a transaction (allocation by nature), or from their designation as such by Crédit Agricole Assurances.

Financial assets at fair value through profit or loss by nature are those assets acquired by the company principally for the purpose of selling them in the short term or that are part of a portfolio of assets managed together for the purpose of short-term profit taking. A financial asset will be classified as being at fair value through profit or loss if, independently of the reasons for which it was acquired, it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

All derivative financial instruments are classified at fair value through profit or loss, except when they are designated as instruments in a cash flow hedge.

Accounting for financial assets at fair value through profit or loss by designation may occur, provided the conditions set out in the standard are met, in the following three cases:

- for hybrid instruments containing one or more embedded derivatives;
- with a view to reducing accounting inconsistencies; or,
- for managed groups of financial assets or liabilities where the performance is assessed according to the fair value method.

In particular, Crédit Agricole Assurances uses classification at fair value by designation for assets backing contracts where the investment risk is borne by the contract holders (unit-linked contracts) in order to avoid a lack of consistency resulting from recognition and valuation of assets and liabilities on a different basis. Changes in liabilities under such contracts reflect changes in the fair value of the corresponding assets and are recorded in the income statement.

Similarly, this accounting approach is generally used by Crédit Agricole Assurances to account for hybrid instruments, with embedded derivatives not, therefore, recognised separately at fair value through profit or loss.

Securities classified as assets at fair value through profit or loss are initially recognised at their fair value, excluding transaction costs directly attributable to the acquisition (which are recognised directly in the income statement) but including accrued interests.

They are subsequently valued at fair value and differences in fair value are recognised in the income statement.

This category of securities is not subject to depreciation.

Financial assets held to maturity

The category "Financial assets held to maturity" (applicable to securities with defined maturity) is open to securities with fixed or determinable income that the Group has the intention and ability to hold to maturity, other than:

- those which the Group has designated at the time of initial recognition as assets at fair value through profit or loss;
- those which meet the definition of loans and receivables. Therefore debt securities that are not listed on an active market may not be classified as assets held to maturity.

Classification in this category entails the mandatory imperative to respect the requirement not to sell the securities prior to maturity other than under the exceptions set out in IAS 39. Amongst these exceptions, IAS 39 allows that in the event of a significant deterioration in the credit quality of the issuer, a security classified as held-to-maturity (HTM) may be sold without resulting in the automatic declassification of all other HTM securities held by the Group. For example, a downgrading of a credit rating that could not have been anticipated would constitute an indicator of a significant deterioration of credit quality.

A held-to-maturity security may not be hedged against interest rate risks, as by definition the supposed intention is to hold the asset to maturity independently of changes in its value or in cash flows that might result from changes in interest rates.

Held-to-maturity securities are initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method.

This category of securities is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Loans and receivables

The "Loans and receivables" category comprises financial assets with fixed or determinable income that are not listed on an active market.

Loans and receivables are initially recognised at their acquisition price, including directly attributable transaction costs and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method corrected for impairment where appropriate.

This category is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Financial assets available for sale

The category "Financial assets available for sale" is defined by IAS 39 as the applicable classification by default or designation.

Securities classified as assets available for sale are initially recognised at their fair value, including transaction costs directly attributable to the acquisition and accrued interests.
They are subsequently valued at fair value and differences in fair value are recognised as gains and losses directly in other comprehensive income.

In the event of a sale, the unrealised gains and losses recognised in other comprehensive income are transferred (recycled) to the income statement.

Amortization of any premium or discount on fixed-income securities is recognised in the income statement using the effective interest rate method.

Accrued interest on assets available for sale is recognised as financial income and recorded as a balance sheet asset on the same line as the fair value of the securities to which it relates.

This category of securities is subject to impairment under conditions described in a separate section, "Impairment of financial investments".

Impairment of financial investments

Impairment must be recognised where there is an objective indicator of loss of value resulting from one or more events occurring after the acquisition of securities other than those at fair value through profit or loss. For equity securities an objective indicator of loss of value consists of a lasting or significant reduction in the value of the security. For debt securities it consists of a significant worsening of credit risk. Credit, or counterparty, risk is the risk of loss or non-recovery of a loan.

For equity securities, Crédit Agricole Assurances conducts two analyses:

- The first analysis leads to systematic impairment in application of the following quantitative criteria: a fall in value of more than 50% at the closing date, or lastingly observed for more than 3 years.
- The second analysis allows Crédit Agricole Assurances to evaluate the lasting nature of the impairment of other securities held in the portfolio based on indicators of potential impairment. These indicators trigger an analysis on a case-by-case basis based on quantitative criteria (loss of at least 30% of the value of an instrument over a period of 6 consecutive months) and qualitative criteria (financial difficulties at the issuer, short-term prospects, investment horizon for the security, etc.).

For debt securities impairment criteria take account of the risk of non-repayment. However, a reduction in the credit rating of an issuer represents only an indicator and not an established risk of non-recovery of future cash flows relative to debt instruments.

Depreciation is calculated using the weighted average unit cost method. It is recognised through the income statement in accordance with the following rules:

- for securities recognised at amortised cost, depreciation is recognised through the use of a specific account; its amount is calculated as the difference between the recoverable value and the net carrying amount of securities and can be reversed in the event of a subsequent improvement;
- for available for sale assets, impairment is recognised in the income statement; it corresponds to the cumulative loss (difference between the carrying amount and the market value of securities) recognised in other elements of comprehensive income.

In the event of a subsequent increase in the value of debt securities, the loss of value previously recognised through profit or loss is reversed in the income statement where circumstances warrant. For equity securities, a subsequent increase in fair value relative to the carrying amount is recognised in other comprehensive income, with a loss of value resulting in additional impairment being charged against the asset through the income statement. The provision for impairment is only reversed when the security is sold.

Temporary acquisition or disposal of securities

Temporary disposals of securities (security lending/borrowing, repurchase agreements) do not meet the derecognition criteria of IAS 39 (loss of contractual rights, cash flows and/or risks and benefits pertaining to the assets concerned) and are treated as guaranteed financing. Securities loaned or subject to a repurchase agreement are maintained as assets on the balance sheet and, where appropriate, the consideration received, representing the debt to the buyer, is recognised as a liability on the balance sheet. Securities sold or received in a repurchase agreement are not recognised on the buyer's balance sheet but in the event of a subsequent sale, the buyer recognises as an asset the value of its loan to the seller. Income and expense relating to such transactions are recognised in the income statement on a time basis, except where assets and liabilities are recorded at fair value through profit or loss.

◊ Derivative instruments

Derivative instruments are financial assets or liabilities, recognised on the balance sheet at their fair value at the time of the transaction. At each closing date they are valued at fair value, whether they are held for trading purposes or form part of a hedging position.

Revaluation of derivatives on the balance sheet is reflected in the income statement (other than in the specific case of cash flow hedges).

Embedded derivatives

A derivative is a financial instrument whose value varies based on an interest rate, index or other variable and which requires no initial investment or a significantly lower investment than another type of contract seeking to generate the same type of results whose settlement occurs on a future date.

An embedded derivative is that component of a hybrid contract that meets the definition of a derivative product. An embedded derivative must be recognised separately from the host contract if the following three criteria are met:

- The hybrid instrument is not held at fair value through profit or loss;
- when separated from the host contract, the embedded element has the characteristics of a derivative;
- the characteristics of the embedded derivative are not closely linked to those of the host contract.

The main hybrid financial investments held by the Crédit Agricole Assurances Group at 31 December 2012 were certain EMTN and convertible bonds. Crédit Agricole Assurances has elected to recognise these instruments at fair value through profit or loss, with the result that their embedded derivatives are not treated separately.

Hedge accounting

IAS 39 defines three types of hedging:

- Fair value hedges provide a hedge against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

Changes in the fair value of the derivative and in the fair value of the hedged items are recognised (symmetrically) through profit or loss. Any inefficiency in the hedge results in a non-zero impact on the income statement.

Crédit Agricole Assurances uses this type of hedge particularly to cover the risk of currency fluctuations on financial assets denominated in foreign currencies.

- Cash flow hedges provide a hedge against variability in future cash flows on financial instruments associated with a recognised asset or liability (e.g. all or some future interest payments on variable rate debt) or a highly probable forecast transaction.

Changes in the fair value of the derivative are recognised on the balance sheet as a balancing entry to a specific gain and loss account recorded directly in other comprehensive income for the effective portion of the hedge, with any ineffective portion recognised in profit or loss. In the case of forecast transactions, gains or losses on derivative instruments accumulated in other comprehensive income are reclassified in profit or loss when the hedged cash flows occur.

- Hedges of a net investment in a foreign operation provide a hedge against the risk of an unfavourable change in its fair value related to the exchange rate risk of a foreign investment in a currency other than the euro.

Changes in the fair value of the derivative related to the effective portion of the hedge are recognised in a conversion differences account in other comprehensive income, and any ineffective portion is recognised in profit or loss.

As part of the creation of a hedging relationship and in order to qualify for hedge accounting, formal documentation of the hedge must be prepared from inception, and the effectiveness of the hedge must be demonstrated at the time of inception for the foreseeable future and must be assessed retrospectively no less frequently than on every closing date.

◊ Financial liabilities

Financial liabilities relating to financial contracts without discretionary participation are described in the section on insurance company contracts.

Crédit Agricole Assurances' other financial liabilities are described below.

Distinction between debt and equity

A debt instrument or financial liability carries a contractual obligation:

- to transfer cash or another financial asset,
- to exchange instruments under conditions which are potentially unfavourable.

An equity instrument is defined in IAS 32 as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).

The amendment to IAS 32 adopted by the EU on 21 January 2009 allowed, under certain conditions, the classification as equity instruments of financial instruments previously classified as debt. These financial instruments include:

- instruments issued by the issuer, that are puttable by the holder;
- instruments creating a contractual obligation for the issuing entity to deliver to the holder a pro rata share of net assets on liquidation.

Thus where these conditions are met, units in UCITS issued as liabilities must be classified as equity.

Subordinated financial liabilities issued by Crédit Agricole Assurance are debt instruments.

Determination of fair value of financial instruments

Fair value of financial instruments is determined in accordance with the provisions of IAS 39 and presented according to the hierarchy set out in IFRS 7.

The Group also applies the recommendations on the valuation of certain types of financial instrument at fair value published by AMF, CNC and ACAM on 15 October 2008.

Where a financial instrument is valued at fair value, IAS 39 considers that the best indication of this is the existence of a quoted price on an active market.

IAS 39 specifies that in the absence of such a quoted price, fair value is determined by applying valuation techniques using observable or non-observable data.

◊ Level 1: fair value corresponding to quoted prices (unadjusted) in an active market.

Level 1 presents financial instruments directly quoted in an active market. In particular these include equities and bonds quoted in active markets (such as Bourse de Paris, London Stock Exchange, New York Stock Exchange), units in investment funds quoted in an active market and derivatives contracted for on an organised market, particularly futures.

A market is considered as active 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.

◊ Level 2: fair value derived from directly or indirectly observable data other than those included in Level 1.

Such data are either directly observable (i.e. prices) or indirectly observable (i.e. data derived from prices) and generally have the following characteristics: they are not data that are specific to the entity, they are publicly available or accessible and are based on a market consensus.

Level 2 presents:

- equities and bonds quoted in a market considered as inactive, or not quoted in an active market but for which fair value is determined using valuation methods currently used by market participants (such as discounted future cash flow or the Black & Scholes model) based on observable market data;
- Instruments traded 'over-the-counter' which have been valued on the basis of models which use observable market data, that is to say those data which can be obtained on a regular basis from several sources independent of internal sources. For example, the fair value of interest rate swaps is generally determined on the basis of yield curves derived from market interest rates observed at the closing date.

Where the models used are based on standard models and on observable market parameters (such as yield curves or implied volatility surfaces), the margin at inception on the instruments so valued is recognised in profit or loss at the time of initial recognition.

◊ Level 3: fair value where a significant number of the parameters used for determination do not meet the criteria of observability.

The determination of the fair value of certain complex market instruments not quoted in an active market may be based on assumptions not directly backed by data observable on the market for the same instrument. Such instruments are presented in Level 3.

These are generally complex interest rate products, equity derivatives or structured credit whose valuation requires, for example, correlation or volatility parameters which are not directly comparable with market data. Crédit Agricole Assurances primarily includes in Level 3 units in venture capital and private equity investment funds.

Valuation methods and models for financial instruments presented at Level 2 and Level 3 incorporate all factors generally used by market participants in the calculation of prices. Determination of fair value of these instruments takes account of liquidity risk and counterparty risk.

<u>Absence of a recognised valuation technique to determine the fair value of an equity instrument.</u>

In accordance with the provisions of IAS 39, if no technique can be satisfactorily applied, or if the various techniques used give excessively divergent valuations, the instrument remains valued at cost and classified as "financial assets available for sale" as its fair value can not be determined in a reliable manner. In this case, the Group does not communicate a fair value, in accordance with the recommendations of IFRS 7. This mainly concerns equity stakes in companies that are not quoted in an active market and for which it is difficult to produce a reliable fair value.

Investment income net of expenses

This income statement caption includes all income and expense relating to insurance company investments. Details are provided below.

◊ Investment income

This heading includes

- dividends received on equities and other variable-income securities however classified under IAS 39;
- interest received and accrued on fixed-income securities (AFS and HTM) and loans and receivables;
- amortization of premiums and discounts on amortisable securities;
- other investment income, notably corresponding to commissions on financial services, rental income from investment properties and foreign currency gains.

◊ Investment expense

This heading includes:

- interest expense on securities sold under a repurchase arrangement;
- investment expense, including directly incurred expenses (commissions on financial services) or expenses by function;
- other investment expenses (foreign currency losses).

◊ Gains and losses on investments net of reversals of impairment or amortization

This heading records net gains on the disposal of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

◊ Change in fair value of investments recognised at fair value through profit or loss

This heading primarily includes the following items:

- positive and negative adjustments (unrealised gains and losses) to assets included in unit-linked contracts;
- other changes in the fair value of assets and liabilities recognised at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and income on disposal or termination of derivative instruments not forming part of a fair value or cash flow hedge.

This heading also includes the ineffective portions of fair value, cash flow and net investment in a foreign operation hedges.

◊ Change in impairment on investments

This heading records increases and reversals in provisions for impairment of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

Offsetting of financial assets and liabilities

In accordance with IAS 32, the Crédit Agricole S.A. Group offsets a financial asset and financial liability if and only if it has a legally enforceable right to offset the amounts recognised and if it has the intention of either settling the net amount or simultaneously realising the asset and settling the liability.

Derecognition of financial instruments

A financial asset (or group of financial assets) is derecognised in whole or in part:

- when the contractual rights over the cash flows relating to it expire or are transferred or deemed to be transferred because they belong effectively to one or more beneficiaries and;
- when nearly the entirety of the risks and rewards of ownership of the asset are transferred.

In this case, all rights and obligations created or retained under the transfer are accounted for separately as assets and liabilities.

Where contractual rights over cash flows are transferred but only part of the risks and rewards, together with control, is retained, the entity will continue to recognise the financial asset to the extent of its continuing involvement in this asset.

A financial liability is derecognised in whole or in part only when the liability is extinguished.

Insurance company contract-related liabilities

◊ Contract categories

Contracts issued by the Group's insurance companies can be divided into two main categories:

- insurance contracts and investment contracts with a discretionary participation feature, which are covered by IFRS 4;
- investment contracts with no discretionary participation feature, which are covered by IAS 39.

Insurance contracts

These are contracts under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event occur, the insured event, affecting adversly the policyholder or another beneficiary.

An insurance risk is defined as a non-financial risk, with financial risks being risks relating to the potential future fluctuation in interest rates, the price of a transferable security, price of a commodity, a currency exchange rate or another non-financial variable that is not specific to one of the parties to the contract (otherwise it would qualify as an insurance risk).

For Crédit Agricole Assurances, for each portfolio of contracts grouped according to uniform characteristics, the significant nature of an insurance risk is analysed on the basis of a representative individual contract. The existence of a scenario (having commercial substance) under which the insurer would pay significant additional benefits, that is to say an amount that is significantly greater than that of the benefits that would be paid if no insured event occurred, constitutes a significant insurance risk for all contracts of a uniform portfolio, regardless of the likelihood of the scenario arising. Insurance risk may therefore be significant even where the pooling of risk within a portfolio minimises the probability of a significant loss relative to the financial benefits received from the portfolio as a whole.

The main insurance risks are death (benefits paid on death), longevity (benefits paid on continued life, for example annuities), morbidity (benefits paid on injury), incapacity, illness (medical benefits) or unemployment for individuals, together with civil liability and damage to property.

Investment contracts with a discretionary participation feature

Contracts which do not expose the insurer to a significant insurance risk are classified as investment contracts. They are classified as investment contracts with a discretionary participation feature if they grant the policyholder the right to receive, in addition to guaranteed benefits, additional benefits:

- that are likely to represent a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer;
- and that are contractually based on the performance of a specified pool of contracts or type of contract, the realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Investment contracts with a discretionary participation feature are primarily euro-based savings contracts. In the event of a multi-fund contract, where the policyholder has the option at any time of transferring all or some of their savings into a euro-based fund with discretionary participation (with conditions that do not create an impediment to such a transfer), the Crédit Agricole Assurances Group considers the contract as a whole is a contract with discretionary participation, whether or not this option has been exercised by the policyholder.

Investment contracts with no discretionary participation feature

Contracts sold by insurance companies which do not fit into either of the above categories are financial contracts without discretionary participation features.

◊ Accounting for insurance contracts and investment contracts with a discretionary participation feature

As authorised under IFRS 4, insurance contracts and investment contracts with a discretionary participation feature are accounted for using principles adopted by Crédit Agricole Assurances in accordance with French regulations on consolidation (CRC 2000-05), with the exception of specific measures introduced by the standard for equalisation reserves, shadow accounting and liability adequacy tests.

Technical liabilities on insurance contracts and financial contracts with discretionary participation

Non-life insurance

Technical reserves for non-life insurance contracts include (i) claims reserves which remain to be settled and (ii) reserves related to the acquisition of premiums (primarily unearned premiums reserves), which enable recognition in the income statement for a given year of premiums relative to the risks actually covered during that year and defers recognition of premiums written during the year which concern a period of cover after the year end.

(i) Claims reserves result in part from a case-by-case analysis of reported claims which have not been settled and in part from an estimate of delayed claims for events that have occurred but for which claims have not yet been reported or claims submitted the valuation of which may be subject to a subsequent change. These reserves are reduced by projected recoveries to be collected, which are estimated on the basis of recoveries collected over previous years, and increased by a provision for claims management costs, to cover future costs for the management of claims reported but not closed on the inventory date. Claims reserves are not discounted, with the exception of reserves against annuities for incapacity and disability.
(ii) Premium and claims reserves may be complemented, where appropriate, by an unexpired risks reserve when unearned premiums do not cover the cost of the claims covered and associated costs for the period covered by such premiums, or a reserve for increasing risks where, for long contracts relating to closed groups, the cost of future risk has exceeded the amount of future premiums.

Life insurance and financial contracts with discretionary participation features

Technical reserves on life insurance contracts and financial contracts with discretionary participation features correspond to the present value of the commitments of the insurer and the policyholder. Reserves are calculated using actuarial methods including assumptions on premiums, the performance of financial assets, the rate of contract redemption and changes in general expenses. In the particular case of unit-linked contracts, the value of the deposits recognised as liabilities is based on the value of the financial assets (the investment units) held under the contracts. Revaluations of assets and liabilities on unit-linked contracts are recognised in the income statement, where they cancel each other out.

Where contracts carry a significant risk of mortality (or longevity) they are also calculated with reference to regulatory mortality tables or experience tables, where these are considered more prudent. More particularly, where a minimum guaranteed death benefit is included in a unit-linked contract, guaranteeing the beneficiary at least the initial capital investment irrespective of changes in the value of units held, this is subject to a provision based on an economic method (stochastic scenarios). Technical reserves are discounted at the technical interest rate (minimum rate of guaranteed return, capped by regulation).

Where commissions received on premiums, assets managed or withdrawals from financial products are observed to be insufficient to cover future management costs, Crédit Agricole Assurances records a provision for management costs assessed per uniform contract class.

Lastly, a participation reserve is recorded where returns exceeding the guaranteed minimum are allocated, by contract or regulation, to the policyholder or other subscribers to individual or collective contracts but have not been distributed during the accounting period. Where required, this provision is completed by deferred profit participation resulting from the application of the principle of shadow accounting.

Application of shadow accounting and deferred participation

Insurance contracts and investment contracts with discretionary participation features are subject to "shadow accounting" in accordance with the option available under IFRS 4. Shadow accounting consists in recognising in a deferred participation account the share of positive or negative movements in the financial assets relating to these contracts, together with certain consolidation restatements (e.g. elimination of liquidity risk reserves) that, potentially, revert to the policyholder.

In addition, CRC n°2000-05 requires the recognition of deferred participation on a mandatory basis for deferred participation liabilities and to the recoverable amount for deferred participation assets. This deferred participation is recorded as a liability (technical liabilities on contracts) or an asset, with a balancing entry on the income statement or in other comprehensive income in a similar manner to the unrealised gains or losses on the assets to which it relates.

For Predica savings contracts deferred participation is determined in two stages:

- by allocating the share of unrealised gains and losses on assets backing insurance or financial contracts with discretionary participation using a three-year historical average;
- secondly, by applying to revaluations relating to insurance contracts with discretionary participation a historical participation rate observed over the preceding three years for amortisable securities, and a participation rate of 100% for other financial assets.

In the case of unrealised losses, a deferred participation asset is only recognised if its imputation, by entity, against future participation is highly probable. This is most notably the case if the deferred participation asset can be deducted from future participation, either directly by deducting it from deferred participation liabilities recognised as a result of gains on future disposals, or indirectly by being recovered from the future sums paid to the policyholder.

Recoverability tests carried out on deferred participation assets are in accordance with the CNC recommendation of 19 December 2008. They are based:

- firstly, on an analysis of the liquidity of the company; these demonstrate the company's ability to mobilise resources to meet its obligations and its ability to hold assets showing an unrealised loss even in the event of a decline in new premium production. The tests are carried out with and without new production;
- secondly, on a comparison between the average value of future benefits valued using an internal model that replicates the management decisions of the company and the value of the asset as a representation of the market value of obligations; this illustrates the ability of the company to honour its obligations.

Lastly, sensitivity tests on the capacity to capitalise the deferred participation asset are also carried out, notably:

- in the event of a uniform 10% increase in policy redemptions applied to the redemption rate resulting from scenarios similar to those drawn up by the Autorité de Contrôle Prudentiel (formerly Autorité de Contrôle des Assurances et des Mutuelles);
- in the event of an additional 10% fall in equity and real estate markets.

Liability adequacy test

In accordance with IFRS 4, Crédit Agricole Assurances ensures at the end of each reporting period that the liabilities of insurance contracts and financial contracts with discretionary participation features (net of deferred acquisition costs and associated intangible assets) are adequate in the light of future estimated cash flows.

The liability adequacy test applied must meet the following minimum criteria set out in the standard:

- consideration of all contractual cash flows and of related cash flows such as commissions and claims handling costs as well as cash flows from embedded options and guarantees;
- if the test shows that liabilities are inadequate, the entire deficiency is recognised by a provision in profit or loss.

The Group's life insurance companies test liability adequacy using a stochastic approach. The test considers technical reserves on life insurance contracts (excluding unit-linked contracts) grouped into product families with uniform characteristics. The resulting estimates of future cash flows are compared, aggregating all product families, with the sum of the following items: Technical reserves + participation reserves + share of unrealised gains and losses attributed to the product families concerned. In the event that the result of the estimates is higher than this total, an additional provision is recognised through profit or loss.

The Group's non-life insurance companies conduct annual testing based on "best estimates" of claims reserves. This test covers all reserves for claims to be paid, including reserves for delayed claims, additional reserves relating to annuity conversion and reserves for claims handling costs. The analysis is carried out on data gross of reinsurance by risk segment and by accounting period of occurrence.

"Best estimates" of claims reserves are calculated without discounting or a prudential margin and correspond to the probable value of payments required to settle claims against all insured events that have occurred and not yet been fully settled. These are compared to recognised claims reserves, gross of reinsurance. In the event that the estimates are greater than the reserves recognised, an additional provision is recognised through profit or loss.

In addition, where a reserve for inadequacy of liabilities is recognised in local accounts (in France a provision for on-going risk), this is retained in consolidated accounts.

In the specific case of creditor insurance, the adequacy of liabilities is tested at the end of each accounting period by comparing reserves recognised with those calculated on the basis of the updated claims/premiums ratio and a margin for risk and uncertainty. This is calculated separately for each partner.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

(i) Premiums

Revenue on life insurance contracts and investment contracts with discretionary participation corresponds to premiums on contracts in-force during the accounting period, net of cancellation and corrected for premiums to be issued for the share to be acquired in subsequent periods.

Revenue on non-life insurance contracts corresponds to premiums issued excluding taxes, gross of reinsurance, net of cancellations, reductions and rebates, changes in premiums to be issued and changes in premiums to be cancelled. Premiums issued adjusted for changes in reserves for unearned premiums constitute earned premiums.

(ii) Contract service charges

Service charges for insurance contracts and investment contracts with a discretionary participation feature include:

- all benefits where they are the subject of a payment to the beneficiary;
- technical interests and profit participation which may be included in these benefits;
- changes in technical reserves;
- all costs relating to the management and settlement of these benefits.

Service charges on non-life insurance contracts primarily include benefits and costs paid, together with changes in reserves for unpaid claims. Claims correspond to claims net of recoveries for the period and annuity payments. They also include costs and commissions relating to claims handling and settlement.

◊ Accounting for Investment contracts with no discretionary participation feature

This class of investment contracts are treated as financial liabilities and are covered by IAS 39. They are primarily unit-linked contracts without a death benefit and without the option of switching to an investment vehicle with discretionary participation feature.

In accordance with IAS 39, liabilities relating to these contracts are recognised as deposits. Thus premiums received and benefits paid, net of charges made by the insurer, are recognised directly on the balance sheet. The only items recognised on the income statement are revenue and expenses relating to the acquisition and management of contracts.

Liabilities relating to unit-linked contracts are valued and recognised with reference to the value of financial assets (investment units) backing these contracts at the end of the reporting period. Revaluations of assets and liabilities on unit-linked contracts have no effect on the income statement. This rule applies to all unit-linked contracts, whether they qualify as insurance contracts under the terms of IFRS 4 (for example if they include a guaranteed death benefit), investment contracts with discretionary participation feature (for example, in a multi-investment contract, where they include a clause allowing a switch to an investment vehicle containing a discretionary participation clause), or investment contracts without discretionary participation feature.

◊ Deferred origination costs and unearned commissions

Origination costs for investment contracts without discretionary participation feature are subject to similar treatment to deferred acquisition costs for life insurance contracts covered by IFRS 4.

Symmetrically with the deferral of expenses incurred on origination of contracts, unearned acquisition commissions are deferred via an entry in liabilities. These are recognised in income at the same pattern as that of deferred expenses.

◊ Reinsurance operations

Presentation of direct business and assignments to reinsurance

Premiums, claims and reserves are recognised gross of assignments to reinsurance. The share of assigned reinsurance, determined based on reinsurance treaties, is identified in the income statement under separate headings for reinsurance assignment income and reinsurance assignment expense.

The share of liabilities covered by reinsurance companies is recognised as an asset.

No reinsurance contract is covered by IAS 39.

Assumed Reinsurance

Assumed reinsurance is recognised treaty by treaty on the basis of information provided by the cedants or estimated in the event of receipt of incomplete information. Assumed reinsurance contracts are recognised in the same way as direct insurance contracts.

No reinsurance contract incorporates characteristics (such as the absence of a transfer of risk) that would result in them being classified as a financial contract covered by IAS 39.

Securities given or received as collateral for reinsurance transactions are recorded on the table of commitments given and received.

Analysis of general expenses by function

In accordance with paragraph 99 of IAS 1 and recommendation n°2009-R-05 of 2 July 2009, general expenses are analysed by function. Thus in the Group income statement expenses are presented according to the following functions:

- Acquisition and similar expense
- Claims handling expense
- Investment management expense
- Administrative expense
- Other technical expense
- Other non-technical expense.

The analysis of expenses by type is presented under the following headings:

- Staff costs
- Commissions
- Taxes
- Other.

Provisions (other than for insurance activities)

In accordance with IAS 37, Crédit Agricole Assurances identifies obligations (legal or implied) resulting from a past event where it is probable (probability of over 50%) that an outflow of resources will be required to settle the obligation, where the date and amount of such settlement is uncertain but may be estimated with a reasonable degree of reliability. Such estimates are discounted where the effect of doing so is material.

Therefore, Crédit Agricole Assurances creates provisions which cover, in particular:

- operational risks;
- employee benefits (see paragraph below);
- legal claims and risks;
- Tax risks.

The valuation of these provisions relies on judgments and corresponds to the Directors' best estimate, given the information in their possession at the end of the reporting period.

Employee benefits

In accordance with IAS 19, employee benefits are divided into four categories:

- short-term benefits such as salary, social security contributions and bonuses payable within twelve months of the end of the reporting period;
- long-term benefits (long-service awards, bonuses and compensation payable more than twelve months after the end of the reporting period);
- termination benefits;
- post-employment benefits, which in turn are classified under the following two headings: defined benefit plans and defined contribution plans.

◊ Long-term benefits

Long-term benefits are benefits to be paid to employees, other than post-employment benefits, termination benefits and share-based benefits, that are not payable in their entirety within twelve months of the end of the reporting period in which the corresponding services were rendered.

In particular they include bonuses and other compensation deferred for more than twelve months.

The valuation method is similar to that used by the Group for post-employment benefits in the defined benefit plan category.

◊ Post-employment benefits

Retirement, early retirement and termination benefit obligations - Defined benefit plans

At the end of each reporting period Crédit Agricole Assurances determines its retirement and associated benefit obligations together with all employment benefits accorded to employees falling into the defined benefit plan category.

In accordance with IAS 19, these obligations are assessed using the projected unit credit method on the basis of actuarial, financial and demographic assumptions. This method consists of allocating to each year of an employee's employment a charge corresponding to the rights acquired over that year. This charge is calculated on the basis of the discounted present value of the future benefit.

Calculations of charges relating to retirement benefits and future employee benefits are established on the basis of assumptions regarding the discount rate, employee turnover rate and changes in salaries and social security costs drawn up by the Directors. If the real figures differ from the assumptions used, the charge relating to retirement benefits may increase or reduce in future reporting periods (see note 7).

Discount rates are determined based on the average duration of the obligation, that is to say the unweighted average of durations calculated between the date of valuation and the date of payment weighted for assumptions on employee turnover.

The expected return on plan assets is also estimated by the Directors. Estimated returns are based on estimated returns from fixed-income securities including notably bond yields.

In accordance with paragraph 16d of IAS 34 relative to "interim financial reporting", Crédit Agricole Assurances presents the impact of "changes in estimates of amounts reported in prior financial years where such changes have a material effect on the interim reporting period considered."

Crédit Agricole Assurances does not apply the optional corridor method and recognises the actuarial differences observed as gains and losses directly in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation under the defined benefit plan at the end of the reporting period, calculated according to the actuarial method recommended in IAS 19;
- less, where appropriate, the fair value of the assets held to cover these obligations. Such assets may be represented by an insurance contract taken out with a non-related company. Where the obligation is entirely covered by a contract corresponding exactly, in amount and period, to all or part of the benefits to be paid under the plan, the fair value of this contract is considered to be that of the corresponding obligation, (that is to say the amount of the corresponding actuarial liability).

In the particular case where obligations are covered by an insurance contract with a consolidated company, they are not offset in liabilities by the associated assets, which are recognised separately as assets.

For non-covered obligations, a provision to cover termination benefits is recognised as a liability under the heading "Provision". This provision corresponds to the obligations relating to employees of entities within Crédit Agricole Assurances, in service at the end of the reporting period and covered by the new Collective Employment Agreement of the Crédit Agricole Group, which came into force on 1 January 2005.

A provision to cover the cost of early departures is also included under the heading "Provisions". This provision covers the present value of the additional cost of various early departure agreements signed by Crédit Agricole Group entities which allow employees reaching the required age to cease their activity.

Lastly, supplementary retirement obligations, which generate obligations for the companies concerned, are the subject of provisions determined on the basis of the actuarial debt representing these obligations. These provisions are also recognised as liabilities on the balance sheet under the heading "Provisions" (see note 7.3).

Defined contribution retirement plans

There are various mandatory retirement plans to which "employer" companies contribute. These funds are managed by independent organisations and the contributing companies have no obligation, legal or implied, to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by employees during the reporting period and previous periods. As a result, Crédit Agricole Assurances has no liabilities relating to these plans other than the contributions to be paid for the reporting period in question (see note 7.2).

Share-based payments

IFRS 2, "Share-based payment", requires the recognition of transactions settled by share-based and similar payments in the income statement and balance sheet of the company. This standard applies to plans granted after 7 November 2002, under which rights had not vested by 1 January 2005, and concerns two possibilities:

- equity-settled share-based payment transactions;
- cash-settled share-based payment transactions;

The share-based payment plans allocated to employees of Crédit Agricole Assurances and qualifying under IFRS 2 are primarily of the equity-settled type.

Allocated options are valued on allocation at their fair value primarily by use of the Black & Scholes model. These are recognised as an expense under the heading "staff costs" with a balancing entry in the equity account over the vesting period, which is 4 years for all current plans.

The expense relative to share allocation plans settled with Crédit Agricole S.A. equity instruments is recognised in the financial statements of the entities employing the plan beneficiaries. The impact is recognised in staff costs with a balancing increase in "Consolidated reserves attributable to the Group". See note 7.5.

Current and deferred taxation

In accordance with IAS 12, tax on income includes all taxes based on income whether current or deferred.

This defines current tax as "the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period." Taxable profit is the profit (loss) for a period determined in accordance with the rules of the taxation authorities.

The taxation rates and rules applicable for the determination of the tax charge are those in-force in each of the countries in which subsidiaries of Crédit Agricole Assurances are based.

Current tax includes all tax on income, payable or recoverable, whose payment is not subject to the completion of future transactions, even if payment is spread over several periods.

In addition, certain transactions conducted by the entity may have tax consequences not taken into account in the determination of current tax. Differences between the carrying amount of an asset or liability and its tax base are defined by IAS 12 as temporary differences.

The standard requires the recognition of deferred tax assets and liabilities in the following cases:

- A deferred tax liability must be recognised for all taxable temporary differences between the carrying amount of an asset or liability and its tax base, except where the deferred tax liability is the result of:
  - ◇ The initial recognition of goodwill;
  - ◇ The initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction.

- A deferred tax asset must be recognised for all deductible temporary differences between the carrying amount of an asset or liability and its tax base, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.

- A deferred tax asset must also be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The tax rates used are those applicable in each country.

Deferred tax assets and liabilities are not discounted.

Current and deferred tax is recognised in income statement for the period except to the extent that the tax arises from:

- a transaction or event which is recognised directly in other comprehensive income, in the same or a different period, in which case it is directly credited or debited in other comprehensive income; or
- a business combination, in which case it affects goodwill.

Deferred tax assets and liabilities are offset if, and only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - ◇ the same taxable entity; or
  - ◇ different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax credits on loan income and securities portfolios, where they are effectively used in the settlement of income tax due for the reporting period, are recognised under the same heading as the income to which they relate. The corresponding tax charge is maintained under the "Tax" heading in the income statement.

Foreign currency transactions

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rate on the closing date into the functional currency of the Crédit Agricole Assurances Group, i.e. the euro. Translation difference are recognised in profit or loss. There are two exceptions to this rule:

- for available for sale financial assets, only that component of the translation difference relating to the amortised cost is recognised in profit or loss; the remainder is recognised in other comprehensive income;
- translation differences on items deemed to be part of a cash flow hedge, or forming part of a net investment in a foreign operation are recognised in other comprehensive income.

The recognition of non-monetary assets varies according to the nature of these assets:

- assets measured in terms of historical cost are translated using the exchange rate at the date of the transaction;
- assets at fair value are translated using the exchange rate on the closing date.

Translation differences on non-monetary items are recognised:

- in profit or loss if the gain or loss on the non-monetary item is recognised in profit or loss;
- in other comprehensive income if the gain or loss on the non-monetary item is recognised in other comprehensive income;

Impairment provisions on assets in foreign currencies are calculated on a base converted into euros.
Derivative instruments forming part of a hedge of the foreign currency risk of a transaction are recognised in the balance sheet at fair value at the end of the period.

For the conversion of the financial statements of foreign entities please refer to consolidation principles and policies.

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is classified as "held for sale" where its carrying amount is recoverable primarily through a transaction rather than through continued use.

For this to be the case the asset (or disposal group) must be available for an immediate sale in its current condition and its sale must be highly probable.

The assets and liabilities concerned are recognised separately on the balance sheet under the headings "non-current assets held for sale" and "liabilities of non-current assets held for sale."

These non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. In the event of an unrealised loss, an impairment loss is recognised in profit or loss. In addition, such assets cease to be amortised from the time of their classification as held for sale.

If the fair value of a disposal group less costs to sell is lower than its carrying amount less amortization of non-current assets, the difference is allocated to other assets in the group of assets held for sale, including financial assets, and recognised in profit or loss for assets held for sale.

Discontinued operations are considered to be any component that has been disposed of or is classified as held for sale and is in one of the following situations:
- it represents a separate major line of business or geographical area of operations,
- it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are presented on a separate line of the income statement:
- net income after tax of discontinued operations up until the date of the sale,
- the profit or loss after tax resulting from the sale or the measurement at fair value less costs to sell of the assets and liabilities constituting discontinued operations.

Principles and policies of consolidation

Consolidated financial statements include the financial statements of Crédit Agricole Assurances and of all companies over which, in accordance with the provisions of IAS 27, IAS 28 and IAS 31, Crédit Agricole Assurances has control or exercises significant influence. Control or significant influence is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly, at least 20% of existing voting and potential voting rights that are exercisable or convertible.

Notions of control

All entities under exclusive control, joint control or significant influence are consolidated, on condition that their contribution is judged to be material.

The material nature of the contribution is assessed on the basis of three main criteria being percentage of total assets, shareholders' equity and consolidated income.

Exclusive control is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly through subsidiaries, more than half of the existing or potential voting rights in an entity, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Exclusive control also exists where Crédit Agricole Assurances owns half or less than half of the voting rights, including potential rights, in an entity but has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

Joint control exists over jointly controlled entities in which two or more venturers are bound by a contractual arrangement establishing joint control.

Significant influence is the power to participate in the financial and operating policy decisions of a company but without control over those policies. Crédit Agricole Assurances is presumed to have significant influence where it holds, directly or indirectly through subsidiaries, 20% or more of the voting rights in an entity.

◊ Specific case of special purpose entities

The consolidation of special purpose entities (structures created to manage a transaction or group of similar transactions) and more particularly funds under exclusive control, has been set out in SIC 12. In accordance with this interpretation, a special purpose entity is consolidated when it is in substance controlled by Crédit Agricole Assurances even in the absence of an ownership relationship. In particular this concerns dedicated UCITS (100%-owned).

The determination of control is made in particular with regard to the following circumstances:
- the activities of the special purpose entity are being conducted on behalf of a subsidiary of Crédit Agricole Assurances according to its specific business needs, so that this company obtains benefits from the special purpose entity's operation;
- This company has decision-making power to obtain the majority of the benefits of the activities of the

special purpose entity or, by setting up an 'autopilot' mechanism, the company has delegated these decision-making powers;

- This company has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity; or
- This company retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In accordance with this interpretation, the dedicated UCITS owned by subsidiaries of Crédit Agricole Assurances are consolidated either line by line or using a simplified method consisting of consolidating on a single line the Group's share in the liquidation value of the UCITS. This simplified method is similar to measuring the UCITS as a financial instrument at fair value through profit or loss in accordance with IAS 39.

Dedicated UCITS backing unit-linked units are not consolidated because risks and benefits are carried by the policyholder.

Real estate investment companies (SCI, OPCI, etc.) that are 100%-owned are fully consolidated.

Consolidation methods

Methods of consolidation are determined in accordance with IAS 27, 28 and 31 respectively. They reflect the nature of the control exercised by Crédit Agricole Assurances over consolidated entities whether or not they are active and whether or not they are incorporated:

- full consolidation for entities under exclusive control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- proportionate consolidation for entities under joint control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- the equity method for entities under significant influence. In the event that an entity under joint control is consolidated by the equity method, the information is provided in the notes to financial statements.

Full consolidation consists of substituting the assets and liabilities in each subsidiary for the value of shares held. Minority interests in equity and income are recognised separately on the consolidated balance sheet and in the consolidated income statement.

Minority interests are those which do not give control as defined by IAS 27 and include instruments representing a current interest and which give rights to shares in net assets in the event of liquidation together with other capital instruments issued by the subsidiary which are not owned by the group.

Proportionate consolidation substitutes the consolidating company's share of the assets and liabilities and income and expenses of the jointly controlled subsidiary for the value of the shares in the subsidiary.

The equity method substitutes the Group's share in equity and income at the subsidiary company for the value of the shares held.

Changes in the carrying amount of these securities now reflect changes in goodwill.

Restatements and elimination of intragroup transactions

The restatements necessary to harmonise the measurement methods of the individual financial statements of the consolidated entities, with reference to Group principles, are conducted unless they are considered not material.

In addition to restatement entries, elimination entries eliminate transactions conducted between companies consolidated by the Group:

- Elimination of the effect on the consolidated balance sheet and income statement of transactions within the group, particularly dividend payments and reinsurance transactions;
- Elimination of gains and losses resulting from the transfer of assets between consolidated companies; where appropriate impairment losses are recognised should a lasting loss of value be observed at the time of an internal transfer.

As transactions and balances between fully consolidated Group companies are eliminated in full at the end of the period, only those transactions between fully consolidated companies and companies consolidated by the proportionate method, to the amount of the share of third part co-venturers with the Group in the latter, affect the consolidated financial statements of the Group. Transactions conducted with other entities within the Crédit Agricole S.A. Group which do not fall within the scope of consolidation of Crédit Agricole Assurances are not considered as intragroup transactions for the purposes of these consolidated financial statements.

Foreign currency translation of foreign subsidiaries

Financial statements of foreign subsidiaries are converted into euros in two stages:

- conversion, where necessary, from the local accounting currency to the functional currency (currency of the main economic environment in which the entity operates) on the historical cost method, with translation differences being fully and immediately recognised in profit or loss;
- conversion from the functional currency to euros, the accounting currency of the Group's consolidated financial statements. Assets and liabilities are converted at the closing exchange rate. Income and expenses on the income statement are converted at the average exchange rate for the period. Translation differences arising on the translation of assets, liabilities and the income statement are recognised in other comprehensive income.

Business combinations – goodwill

◊ General principles

Business combinations are treated in accordance with IFRS 3, except in the following cases:

- the combination of entities or activities under common control;
- the combination of distinct entities or activities to form a joint venture;
- the combination of two or more mutual entities;
- the combination of distinct entities or activities to form an entity presenting financial statements by contract alone
  without transfer of consideration (for example combinations under which distinct entities are combined by contract alone to form a company with a double market listing).

On the date on which control is obtained, the identifiable assets, liabilities and potential liabilities of the acquired entity which meet the recognition criteria of IFRS 3 are recognised at fair value. However, as allowed under IFRS 4 for the acquisition of an insurance company, the liabilities relating to the life insurance contracts or financial contracts with discretionary participation features acquired are retained at their carrying amount on the balance sheet of the acquired entity (after harmonisation with Crédit Agricole Assurances measurement methods if necessary) and the value of this portfolio of contracts is recognised in assets and amortised over the period of payment of profits. This portfolio value represents the present value of future profits on the contracts acquired and corresponds to the difference between the fair value of contracts and their carrying amount.

No restructuring liability is recognised as a liability of the acquired entity unless the latter, at the time of the acquisition, is obliged to carry out this restructuring.

Price adjustment clauses are recognised at fair value, even if their realisation is not probable. Subsequent changes in fair value of the clauses, which have the characteristics of financial debt, are recognised in profit or loss. Only those price adjustment clauses relating to operations where the acquisition of control took place before 31 December 2009 may still be recognised against goodwill, as such transactions were initially recognised under non-revised IFRS 3 (2004).

The share of holdings which do not give control which are instruments representing a current interest and which give rights to shares in net assets in the event of liquidation may be valued, at the option of the acquiring entity, in one of two ways:

- at fair value on the acquisition date;
- at the fair value of the share of identifiable assets and liabilities in the entity acquired.

These options may be exercised on an acquisition-by-

acquisition basis. The balance of holdings not giving control (equity instruments issued by the subsidiary not owned by the group) must be recognised at fair value on the acquisition date.

The initial valuation of assets, liabilities and potential liabilities may be modified within a maximum period of twelve months from the date of acquisition.

Certain transactions relating to the acquired entity are recognised separately from the business combination. In particular this concerns:

- transactions which terminate an existing relationship between the acquired entity and the acquirer;
- transactions which compensate employees or selling shareholders in the acquired entity for future services;
- transactions which compensate the acquired entity or its former shareholders for expenses to be borne by the acquirer.

These separate transactions are generally recognised in profit or loss at the acquisition date.

The consideration transferred on the occasion of a business combination (the acquisition cost) is measured as the total of the fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (e.g. cash, equity instruments, etc.).

Costs directly attributable to the combination in question are recognised as expense, separately from the combination. If the transaction has a very high probability of being completed they are recognised under the heading "Net gains or losses on other assets", otherwise they are recognised under "Other operating costs".

The difference between the sum of the cost of the acquisition and non-controlling interests and the net balance, on the date of acquisition of identifiable assets acquired and liabilities transferred, at fair value is recognised, where it is positive, as an asset on the consolidated balance sheet, under the heading "Goodwill" where the acquired entity is fully consolidated or proportionately consolidated and under the heading "Investments in associated undertakings" where the acquired entity is consolidated by the equity method. Where the difference is negative, it is immediately recognised in profit or loss.

Goodwill is recognised on the balance sheet at its initial value denominated in the currency of the acquired entity and translated at the closing exchange rate.

In the event of a phased acquisition of control, the holding acquired prior to the acquisition of control is measured at fair value through profit or loss at the date of acquisition and goodwill is calculated only once, on the basis of the fair value on the acquisition date of the assets acquired and liabilities transferred.

Subsequent measurement of goodwill is described in the note on accounting principles and policies.

In the event of an increase in Crédit Agricole Assurances' percentage holding in an entity over which it already exercises exclusive control, the difference between the acquisition cost and the share of net assets acquired is recognised as a reduction in the heading "Consolidated reserves attributable to the Group". Symmetrically, in the event of a reduction in the percentage share held by the Group in an entity over which it continues to exercise exclusive control, the difference between the sale price and the carrying amount of the related share in net assets sold is also recognised directly in consolidated reserves attributable to the Group. Costs relating to such transactions are recognised in other comprehensive income.

In the event of a loss of control, the result of the disposal is calculated for the entirety of the entity sold and any residual investment retained is recognised on the balance sheet at its fair value on the date of loss of control.

◊ Combination of entities under common control

This type of combination relates to entities which are already controlled by the Group. In this event, transfers and sales are not recognised at fair value but at their net carrying amount in the consolidated financial statements of the parent on the date of the combination, provided always that such values were established in accordance with IFRS. Existing goodwill in the Group's accounts at this date is maintained in the same manner as other assets.

This strict application results in the summing of the equity accounts of the entities concerned. If the transaction price is different to the net carrying amount of the entities acquired, this method results in the recognition of the difference directly in consolidated reserves without recognition of any additional goodwill.

The constitution of Crédit Agricole Assurances in 2008, as a result of a restructuring of the insurance businesses of the Crédit Agricole Group, was conducted on this basis.

Note 2 Changes in the scope of consolidation

The detailed scope of consolidation at 31 December 2012 is shown in note 10.

Changes in the scope of consolidation over the period

The CAA holding company acquired from Cariparma 50% of the shares in CA VITA, for a sum of €175 million, thus increasing its holding to 100%. Following this transaction, the minority interest of €104 million was reclassified as equity attributable to shareholders of the parent, and consolidated reserves were reduced by the difference between the acquisition price of the shares and the acquired share of the net assets of the company, or €71 million.

◊ Newly consolidated companies at 31 December 2012

During the first half of 2012, 3 OPCI real estate investment funds were added to the scope of consolidation.

◊ Companies removed from the scope of consolidation at 31 December 2012

- The Italian holding company Vert SRL was deconsolidated.
- On 12 April 2012 Crédit Agricole S.A. and Banco Espirito Santo (BES) signed an agreement for the sale of Crédit Agricole Assurances' 50% holding in BES Vida for €225 million. This disposal resulted on 30 June 2012 in a consolidated loss on disposal of €62 million recognised under other operating income and expense.

Note 3 Financial management, exposure to risk and management of capital

Financial management

The Asset Liability Technical Management (ALTM) and Corporate Finance functions of Crédit Agricole Assurances have responsibility for organising financial flows within the Crédit Agricole Assurances Group, for the definition and implementation of financing rules, the allocation of equity, the management of assets and liabilities and the oversight of prudential ratios.
They define and ensure the consistency of the Crédit Agricole Assurances Group's financial management.
Management of risks is conducted by the Group Risk and Permanent Controls department of Crédit Agricole Assurances, in cooperation with the Group Risk Management department of the Crédit Agricole S.A. Group (DRG). This department is responsible for coordinating the management of financial risk, credit risk and the operating risk of subsidiaries.

The description of these systems together with narrative information is included in the Management Report, in the "Risk factors" chapter, as allowed under IFRS 7.

The risk exposures of the Crédit Agricole Assurances Group are presented in the risk factors (Management Report, section 3).

Capital management and solvency margins

Applicable regulations for entities within the Crédit Agricole Assurances Group, in France and elsewhere, require that each insurance company maintain a minimum solvency ratio, the main purpose of which is the protection of the policyholder.
At 31 December 2012, the Crédit Agricole Assurances Group and each of its individual subsidiaries met their obligations in the matter of solvency.

The various items considered by the Group as available capital are determined in accordance with the rules applicable under Solvency I, which have not yet been harmonised in Europe pending the introduction of Solvency II.

At 31 December 2012, available capital consisted mainly of IFRS equity adjusted by a prudential filter (for instance deducting intangible assets) and subordinated loan notes.
The calculation of the adjusted solvency ratio is submitted to the Autorité de Contrôle Prudentiel, which is responsible for the application of these directives in France.

In addition, to meet new regulatory requirements, Crédit Agricole Assurances S.A. is coordinating and implementing in its subsidiaries the three pillars of the Solvency II project.

Note 4 Segment information

In accordance with IFRS 8, the information presented is based on the internal reporting used by the Executive Committee for the management of the Crédit Agricole Assurances Group, the evaluation of performance and the allocation of resources to the operating sectors identified.

The operating sectors presented in internal reporting correspond to the Group's specialised businesses.
Within Crédit Agricole Assurances, businesses are organised into 5 operating segments.

"Life - France" covers the life insurance, savings, retirement, health and provident insurance operations conducted by the French entities of the Group.

"Non-life - France" covers mainly motor, household, agricultural and life accident insurance products sold in France.

"Creditor insurance" covers creditor insurance activities in France (with the exception of those conducted by Predica which are included in the Life - France segment) and abroad.

"International" covers the life and non-life insurance activities conducted outside France.

"Other" covers primarily holding company activities and reinsurance.

The geographical analysis of segment information is based on the location of the accounting recognition of activities.

Sector information for the year ended 31 December 2012

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Premiums written	16,749	2,483	3,012	964	49	(694)	22,563
Change in unearned premiums	-	(52)	5	(5)	1	(2)	(53)
Earned premiums	16,749	2,431	3,017	959	50	(696)	22,510
Revenue or income from other activities	29	62	22	2	6	(17)	104
Investment income net of expenses	11,221	70	689	33	205	(183)	12,035
Contract service charges	(24,774)	(1,747)	(3,633)	(208)	(21)	803	(29,580)
Net reinsurance income or expense	5	(89)	149	(33)	(5)	(143)	(116)
Contract acquisition costs	(745)	(380)	(103)	(643)	(18)	55	(1,834)
Impairment of portfolio assets and similar	-	-	(4)	-	-	-	(4)
Administrative expense	(960)	(121)	(66)	(35)	-	21	(1,161)
Other current operating income and expense	(48)	(78)	(7)	(5)	(46)	(29)	(213)
Other operating income and expense (1)	-	-	(62)	(129)	-	-	(191)
Operating income	1,476	148	2	(58)	170	(188)	1,550
Financing expense	(171)	(10)	(13)	(16)	(155)	188	(177)
Income tax (2)	(549)	(53)	2	(7)	(14)	-	(621)
CONSOLIDATED NET INCOME	756	85	(9)	(81)	1	-	752
Minority interests	-	-	(2)	-	-	-	(2)
Net income attributable to equity holders of the	756	85	(11)	(81)	1	-	750

(1) - In the International Segment, the figure of -€62 million represents the loss on disposal of shares in Bes Vida
- In the Creditor Insurance Segment, the figure of -€129 million represents the impairment loss on goodwill in CACI.

(2) - Includes exit tax for a total of -€125 million in the Life - France segment and -€2 million in non-life - France

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	245,246	4,787	16,368	2,222	13,778	(8,760)	273,641
CONTRACT-RELATED LIABILITIES	229,126	2,662	15,992	1,435	73	(4,013)	245,275

Sector information for the year ended 31 December 2011

€ millions	31 December 2011						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Premiums written	18,627	2,330	2,995	1,025	46	(677)	24,345
Change in unearned premiums	(1)	(75)	(2)	(54)	4	(2)	(130)
Earned premiums	18,625	2,255	2,993	971	50	(679)	24,215
Revenue or income from other activities	47	57	33	-	7	(17)	127
Investment income net of expenses	255	36	(407)	22	178	(165)	(80)
Contract service charges	(15,997)	(1,559)	(2,865)	(204)	(29)	734	(19,920)
Net reinsurance income or expense	(16)	(106)	139	(104)	(2)	(103)	(191)
Contract acquisition costs	(842)	(379)	(118)	(528)	(26)	67	(1,826)
Impairment of portfolio assets and similar	-	-	(8)	-	-	-	(8)
Administrative expense	(972)	(118)	(65)	(91)	-	24	(1,223)
Other current operating income and expense	(143)	(45)	3	(4)	(46)	(35)	(270)
Other operating income and expense (1)	-	-	(31)	-	-	-	(31)
Operating income	958	140	(327)	61	133	(173)	792
Financing expense	(172)	(7)	(9)	(12)	(143)	173	(170)
Income tax	(260)	(49)	42	(4)	(12)	-	(283)
CONSOLIDATED NET INCOME	525	84	(294)	46	(22)	-	339
Minority interests	-	-	94	-	-	-	94
Net income attributable to equity	525	84	(200)	46	(22)	-	433

(1) Impairment of goodwill on Bes Vida

€ millions	31 December 2011						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	226,097	3,818	19,865	2,266	12,402	(6,806)	257,642
CONTRACT-RELATED LIABILITIES	211,209	2,441	19,384	1,383	102	(3,702)	230,817

Note 5 Notes to the balance sheet

5.1 Goodwill

(in € million)	31.12.2012			31.12.2011
	Gross amount	Amortization	Net value	Net value
SPIRICA	3	-	3	3
PREDICA	483	-	483	483
PACIFICA	70	-	70	70
BES VIDA (1)	-	-	-	109
BES SEGUROS	19	-	19	19
CA VITA	19	-	19	19
CACI	409	(129)	280	409
Total	1 003	(129)	874	1,112

(1) Disposal of BES Vida

Impairment tests were carried out on goodwill at 1 January 2012, based on the assessment of the value in use of the CAA Group's insurance entities. Value in use was determined by discounting the CGU's future cash flows as presented in the medium-term plans drawn up for the Group's steering requirements. The following assumptions were drawn upon:

- Estimated future cash flows: 3-year forward-looking data drawn up as part of the Group's Adaptation Plan announced in late September 2012. Forward-looking data covering more than 5 years can be used for some entities in order to take into account the longest economic cycle of the entities concerned;
- Equity allocated to the various business lines corresponds at 31 December 2012 to 100% of the solvency rate for insurance activities by taking into account every entity's economic situation with respect to subordinated debt;
- Perpetual growth rate: 2%
  Discount rate: rates are different according to geographical area, ranging from 9.7% to 12.5%

In 2012, these impairment tests led to the recognition of a depreciation charge of € 129 million in financial year 2012 for CACI.

Sensitivity tests carried out on goodwill at CACI showed that:

- Increasing the discount rate by 0.5 basis point would lead to a change of around 11% in the net value of goodwill at 31 December 2012.
- Lowering the perpetual growth rate by 0.5 basis point would lead to a change of around 4% in the net value of goodwill at 31 December 2012.

With regard to goodwill excluding CACI, a reasonable variation in development, margin or discount rate assumptions does not lead to any further depreciation.

5.2 Life insurance companies' policy portfolios

(in € million)	31.12.2012			31.12.2011
	Gross amount	Amortization	Net value	Net value
BES VIDA	-	-	-	58
CA VITA	38	(25)	13	17
SPIRICA	1	-	1	1
Value of portfolios	39	(25)	14	76

5.3 Other intangible assets

(in € million)	31.12.2011	Change in consolidation scope	Acquisitions / Depreciation charges	Disposals/ Decreases	Translation differences	Other changes	31.12.2012
Distribution right	-	-	-	-	-	-	-
Software programmes	550	(9)	34	-	(1)	71	645
Intangible assets in progress	47	-	72	(20)	-	(71)	28
Gross amount	**597**	**(9)**	**106**	**(20)**	**(1)**	**-**	**673**
Impairment of distribution right	-	-	-	-	-	-	-
Amortization of software programmes	(369)	8	(60)	-	1	-	(421)
Depreciation of software programmes	-	-	(1)	-	-	-	(1)
Amortization of Intangible assets in progress	(1)	-	(1)	-	-	-	(2)
Impairment charges on Intangible assets in progress	-	-	-	-	-	-	-
Amortization and impairment	**(371)**	**8**	**(62)**	**-**	**1**	**-**	**(424)**
Other net intangible assets	**226**	**(1)**	**44**	**(20)**	**-**	**-**	**249**

(in € million)	31.12.2010	Change in consolidation scope	Acquisitions / Depreciation charges	Disposals/ Decreases	Translation differences	Other changes	31.12.2011
Distribution right	-	-	-	-	-	-	-
Software programmes	452	-	16	(1)	-	83	550
Intangible assets in progress	27	4	101	(1)	-	(83)	48
Gross amount	**479**	**4**	**117**	**(2)**	-	-	**598**
Impairment of distribution right	-	-	-	-	-	-	-
Amortization of software programmes	(325)	-	(45)	-	-	-	(370)
Depreciation of software programmes	-	-	-	-	-	(1)	(1)
Amortization on Intangible assets in progress	-	-	(1)	1	-	-	-
Impairment charges on Intangible assets in progress	(2)	-	-		-	1	(1)
Amortization and impairment	**(327)**	**-**	**(47)**	**1**	-	-	**(372)**
Other net intangible assets	**152**	**4**	**70**	**(1)**	**-**	**-**	**226**

5.4 Financial investments

Investments by type

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value data shown below are estimates made on the reporting date. They are therefore likely to change in subsequent periods due to changes in market conditions or other factors.

(in € million)	31.12.2012 Carrying amount	31.12.2012 Fair value
Equities and other variable-income securities	18,952	18,952
Bonds and other fixed-income securities	144,904	144,904
Available-for-sale assets	163,856	163,856
Bonds and other fixed-income securities	14,602	17,474
Held-to-maturity assets	14,602	17,474
Equities and other variable-income securities	7,574	7,574
Bonds and other fixed-income securities	28,298	28,298
Financial assets at fair value through profit or loss by kind or by option	35,872	35,872
Loans and receivables	1,160	1,206
Financial investments	215,490	218,408
Investment property (1)	2,968	5,106
Derivative instruments	873	873
General Account investments (A)	219,331	224,387
Equities and other variable-income securities	25,139	25,139
Bonds and other fixed-income securities	16,429	16,429
Unit-linked financial investments	41,568	41,568
Unit-linked investment property (1)	-	-
Total unit-linked investments (B)	41,568	41,568
TOTAL INVESTMENTS (A) + (B)	260,899	265,955

(1) Investment property is valued on the basis of expert appraisal.

(in € million)	31.12.2011 Carrying amount	31.12.2011 Fair value
Equities and other variable-income securities	17,042	17,042
Bonds and other fixed-income securities	138,283	138,283
Available-for-sale assets	155,325	155,325
Bonds and other fixed-income securities	15,321	16,887
Held-to-maturity assets	15,321	16,887
Equities and other variable-income securities	6,935	6,935
Bonds and other fixed-income securities	17,325	17,325
Financial assets at fair value through profit or loss by kind or by option	24,260	24,260
Loans and receivables	523	523
Financial investments	195,429	196,995
Investment property (1)	2,495	4,507
Derivative instruments	825	825
General Account investments (A)	198,749	202,327
Equities and other variable-income securities	26,236	26,236
Bonds and other fixed-income securities	14,135	14,135
Unit-linked financial investments	40,371	40,371
Unit-linked investment property (1)	1	1
Total unit-linked investments (B)	40,372	40,372
TOTAL INVESTMENTS (A) + (B)	239,121	242,699

(1) Investment property is valued on the basis of expert appraisal.

Measurement of assets recognised at fair value

The best estimate of the fair value of financial instruments consists in the instrument's market price when it is traded on an active market, i.e. prices are traded and disseminated.
In the absence of a market and of reliable data, fair value is determined using an appropriate method that is consistent with the valuation methods used in financial markets: market value of a comparable instrument, discounted future cash flows, or valuation models.
The calculations carried out represent best estimates. They are based on a number of valuation models and assumptions. To the
extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

In the cases where market values have to be estimated, the method used to discount estimated future cash flows is the most widely used.

In application of the amendment to IFRS 7 arising from the regulation of 27 November 2009 (EC no. 1165-2009), relative to information to be disclosed on financial instruments, the following tables present the fair value of instruments according to the hierarchy based on three levels defined in IFRS 7:

- Level 1: fair value corresponding to (unadjusted) quoted prices in an active market.
- Level 2: fair value measured using directly or indirectly observable inputs other than those in Level 1.
- Level 3: fair value that is measured using significant unobservable inputs.

The characteristics of these levels of fair value are described in detail in the paragraph on the determination of the fair value of financial instruments of Note 1.

(in € million)	31.12.2012			
	Prices quoted in active markets for identical instrument	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	136, 146	26,719	990	163,856
Equities and other variable-income securities	13, 857	4,376	719	18,952
Bonds and other fixed-income securities	[illegible]	22,343	271	144,904
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	23,435	10,195	2,242	35,872
Equities and other variable-income securities	1,223	4,110	2,241	7,574
Bonds and other fixed-income securities	22,212	6,085	1	28,298
Financial assets at fair value through profit or loss on a unit-linked asset	29,137	12,369	63	41,568
Equities and other variable-income securities	24,840	299	-	25,139
Bonds and other fixed-income securities	4,297	12,070	63	16,429
Investment property	-	-	-	-
Derivative instruments	-	868	(2)	866
Total assets measured at fair value	188, [illegible]	50,151	3,293	242,162

(in € million)	31.12.2011			
	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	117,632	34,617	3,076	155,325
Equities and other variable-income securities	13,523	2,586	933	17,043
Bonds and other fixed-income securities	104,109	32,030	2,143	138,282
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	13,466	8,754	2,040	24,260
Equities and other variable-income securities	1,343	3,553	2,039	6,935
Bonds and other fixed-income securities	12,123	5,202	1	17,325
Financial assets at fair value through profit or loss on a unit-linked asset	28,744	11,178	450	40,372
Equities and other variable-income securities	24,189	1,690	357	26,236
Bonds and other fixed-income securities	4,554	9,489	93	14,135
	1	-	-	1
Derivative instruments	-	789	(2)	787
Total assets measured at fair value	159,842	55,338	5,564	220,745

Changes in balances of level 3 assets

The reconciliation between opening and closing balances of financial assets at fair value measured according to level 3 criteria is presented in the following tables.

Available-for-sale financial assets

(in € million)	Equities and other variable income securities	Bonds and other fixed-income securities	Total Available-for-sale assets
Balances at 31 December 2011	933	2,143	3,076
Gains and losses in the period:	(6)	(224)	(230)
Recognized through profit or loss	(4)	(222)	(226)
Recognized through equity	(2)	(2)	(4)
Purchases in the period	68	(1,637)	(1,711)
Sales in the period (1)	(74)	-	-
Issues in the period	-	-	-
Transactions unwound in the period	-	-	(327)
Transfers	(327)	-	-
into Level 3	-	-	(327)
out from Level 3	(327)	(11)	114
Change in consolidation scope	125		
Balances at 31 December 2012	719	271	990

(1) The significant level of sales is mainly due to the Greek securities sold during the year.

Assets at fair value through profit or loss

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total assets at fair value through profit or loss by kind or by option
Balances at 31 December 2011	2,039	1	2,040
Gains and losses in the period:	59	-	59
Recognized through profit or loss	59	-	59
Recognized through equity	-	-	-
Purchases in the period	2,853	-	2,853
Sales in the period	(2,473)	-	(2,473)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	(238)	1	(237)
into Level 3	-	1	1
out from Level 3	(238)	-	(238)
Change in consolidation scope	-	(1)	(1)
Balances at 31 December 2012	2,241	1	2,242

Unit-linked financial assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total unit-linked financial assets
Balances at 31 December 2011	357	93	450
Gains and losses in the period:	-	1	1
Recognized through profit or loss	-	1	1
Recognized through equity	-	-	-
Purchases in the period	-	-	-
Sales in the period	-	(5)	(5)
Issues in the period	-	-	-
Transactions unwound in the period	-	(19)	(19)
Transfers	-	-	-
into Level 3	-	-	-
out from Level 3	-	-	-
Change in consolidation scope (1)	(357)	(7)	(364)
Balances at 31 December 2012	-	63	63

(1) The change in the consolidation scope is related to the disposal of Bes Vida.

Exposure to sovereign and non-sovereign risk in European countries under supervision

In view of the fact that in the tough economic context certain Eurozone countries are definitely struggling to keep their public finances under control, Crédit Agricole Assurances Group's exposure to specific European countries is presented below:

(in € million)	2012	2011
Greece	-	1,890
Ireland	1,045	1,309
Portugal	1,560	1,871
Italy	4,387	7,077
Spain	979	3,154
Total exposure	7,971	15,301

◊ Exposure to sovereign risk on Greece, Ireland, Portugal, Italy and Spain.

Exposure to sovereign debt is presented net of impairment and corresponds to exposure before application of the profit-sharing mechanisms between insurer and policyholder specific to Life insurance.

Maturity (excluding trading portfolio)

(in € million)	Residual maturities	Gross exposure in 2012	Gross exposure in 2011
Greece	One year	-	12
	Two years	-	31
	Three years	-	22
	Five years	-	29
	Ten years	-	876
	Ten years and over	-	920
	Total Greece	-	1,890
Ireland	One year	19	-
	Two years	-	37
	Three years	-	19
	Five years	-	6
	Ten years	1,018	992
	Ten years and over	8	237
	Total Ireland	1,045	1,291
Portugal	One year	3	671
	Two years	3	99
	Three years	4	35
	Five years	110	27
	Ten years	21	175
	Ten years and over	1,419	862
	Total Portugal	1,560	1,869
Italy	One year	235	123
	Two years	342	157
	Three years	372	428
	Five years	644	881
	Ten years	1,206	4,224
	Ten years and over	1,588	1,265
	Total Italy	4,387	7,078
Spain	One year	-	3
	Two years	-	1
	Three years	-	1,017
	Five years	-	30
	Ten years	1	120
	Ten years and over	978	1,984
	Total Spain	979	3,155
	Total general gross exposure	7,971	15,283

Changes between 31 December 2011 and 31 December 2012

Changes in exposure (in € million)	31.12.2011	Change in fair value	Recycling of available-for-sale reserves	Accrued interest	Maturity dates	Disposals net of reversals of provisions	Acquisitions	31.12.2012
Greece	1,890	(138)	144	(137)	-	(2,273)	514	-
Ireland	1,309	319	(6)	(17)	-	(567)	7	1,045
Portugal	1,871	640	48	(19)	(2)	(993)	16	1,560
Italy	7,077	1,119	129	(39)	(52)	(3,961)	113	4,387
Spain	3,154	(52)	119	(67)	-	(2,193)	17	979
Total	15,301	1,888	434	(279)	(54)	(9,987)	667	7,971

◊ Accounting treatment of exposure to trades in Greek sovereign securities at 31 December 2011

At 31 December 2011, Greek sovereign securities were valued by applying a (level 3 mark-to-model) internal valuation model using a 30% weighting of the market price at 31 December 2011 and a 70% weighting of the valuation based on macroeconomic assumptions (debt/GDP target ratio, level of completion of the privatisation programme, participation of the Greek government's various creditors, etc.). At 31 December 2011, Greek government securities were valued, regardless of their maturity, with an average discount of 74%, i.e. an impairment net of the mechanisms used to share profits between insurer and policyholder specific to life insurance and of tax totalling € 665 million.

◊ Treatment in 2012 of the exchange of Greek bonds held by private creditors

In exchange for their old sovereign bonds issued under Greek law, private investors received in March 2012 new Greek bonds, EFSF bonds and "zero coupon" bonds to finance the accrued interest of the old bonds.
This bond exchange is analysed as a disposal followed by an acquisition: the initial value at which the new bonds issued by the Greek Republic is recognised in the balance sheet corresponds to their fair value on the day of the swap. The EFSF bonds were recognised at 100% of their par value.

All in all, the transaction resulted in a capital loss of 77% of the outstanding bonds tendered to the swap in 2012. Accordingly, the impact of the implementation of the PSI agreements amounts to a charge of € 31 million for the insurance business line (after profit sharing mechanisms and taxes).

The Group's policy of pulling out from its exposure to Greek sovereign debt led the entities of the Insurance business line to sell their entire portfolio.

◊ Exposure to non-sovereign risk on Greece, Ireland, Portugal, Italy, Spain, Cyprus and Hungary

The exposure of Crédit Agricole Assurances Group to non-sovereign risk in European countries under watch is described in detail below. It involves portfolios of debt instruments and loans and receivables due from customers and credit institutions. Exposures held for trading and off-balance sheet commitments are not included in this analysis. Breakdown by country is by counterparty risk country.

The amounts shown include the carrying amount of debt instruments classified as available-for-sale financial assets and held-to-maturity financial assets.

(in € million)	31.12.2012 Exposure to bonds net of impairment	31.12.2012 Exposure to other debt instruments net of impairment	31.12.2012 Net exposure of debt instruments	31.12.2011 Net exposure of debt instruments
Greece (including Cyprus)	-	-	-	-
Banks	-	-	-	-
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	-	-	-	-
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Ireland	332	-	332	338
Banks	330	-	330	333
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	2	-	2	5
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Italy	3,660	-	3,660	3,546
Banks	1,760	-	1,760	1,794
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	1,900	-	1,900	1,492
Corporate and large corporate semi-public	-	-	-	260
Local authorities	-	-	-	-
Spain	3,923	-	3,923	3,928
Banks	2,057	-	2,057	1,932
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	1,495	-	1,495	1,383
Corporate and large corporate semi-public	155	-	155	402
Local authorities	216	-	216	211
Portugal	541	-	541	416
Banks	472	-	472	361
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	69	-	69	55
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Hungary	3	-	3	-
Banks	-	-	-	-
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	3	-	3	-
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Total	8,459	-	8,459	8,228

* Predica only

Maturity schedule of bond portfolio

The following tables show how the bond portfolio breaks down (investments by the insurance activity and other activities), with the exception of investments representative of unit-linked contracts.

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	9,141	35,979	99,784	144,904
Held-to-maturity assets	280	3,584	10,738	14,602
Financial assets at fair value through profit or loss by kind or by option	1,245	5,279	21,774	28,298
Total bond portfolio (excluding unit-linked contracts)	10,666	44,842	132,296	187,804

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	21,978	24,168	92,136	138,282
Held-to-maturity assets	554	3,735	11,032	15,321
Financial assets at fair value through profit or loss by kind or by option	545	3,745	13,035	17,325
Total bond portfolio (excluding unit-linked contracts)	23,077	31,648	116,203	170,928

Provisions for impairment of financial assets

(in € million)	31.12.2011	Change in scope	Impairment /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Impairment of held-to-maturity securities	(57)	-	-	-	-	57	-
Impairment of equities and other variable-income securities	(1,407)	7	(311)	357	-	-	(1,354)
Impairment of bonds and other fixed-income securities *	(5,147)	44	(1)	4,947	-	(57)	(214)
Available-for-sale financial assets	(6,554)	51	(312)	5,304	-	(57)	(1,568)
Impairment of investment property (amortised cost)	(11)	8	(10)	-	-	(2)	(15)
Impairment of loans and receivables	-	-	-	-	-	-	-
Impairment of other financial assets	(11)	8	(10)	-	-	(2)	(15)
Total impairment	(6,622)	59	(322)	5,304	-	(2)	(1,583)

* The €4.9bn reversal is related to the Greek bond swap. These bonds were sold during the year.

Investment property (excluding unit-linked contracts)

(in € million)	31.12.2011	Change in scope (1)	Impairment /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Gross amount	2,559	(75)	298	(214)	-	464	3,032
Depreciation, amortization and impairment	(64)	17	(16)	-	-	-	(64)
Net value of investment property	2,495	(58)	282	(214)	-	464	2,968

(1) The change in the consolidation scope is related to the disposal of Bes Vida

Transferred assets not derecognised (IFRS 7.42 A)

Nature of transferred assets	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Associated liabilities				
	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities sold/bought under repurchase agreements	Other (1)	Fair value*	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities sold/bought under repurchase agreements	Other	Fair value*
Held for trading	-	-	-	-	-	-	-	-	-	-
Designated at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Available for sale	1,423	-	-	1,423	1,423	958	-	-	958	958
Equity instruments	1,423	-	-	1,423	1,423	958	-	-	958	958
Loans and receivable	-	-	-	-	-	-	-	-	-	-
Held to maturity	-	-	-	-	-	-	-	-	-	-
Total financial	1,423	-	-	1,423	1,423	958	-	-	958	958
Total transferred assets	1,423	-	-	1,423	1,423	958	-	-	958	958

* In the case when the guarantee given by the related parties to the agreement leading to associated liabilities is limited to transferred financial assets (IFRS 7.42D.(d)

(1) loans of securities

Nature of transferred assets	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of asset still recognised (continuing involvement)	Carrying amount of associated liabilities
	Net fair value			
Held for trading	-	-	-	-
Designated at fair value through income statement	-	-	-	-
Available for sale	465	465	-	-
Equity instruments	465	465	-	-
Loans and receivables	-	-	-	-
Held to maturity	-	-	-	-
Total financial assets	465	465	-	-
Finance leases	-	-	-	-
Total transferred assets	465	465	-	-

Significant investments in non-consolidated companies

These investments, held in the portfolio of available-for-sale financial assets, consist of variable-income securities representing a significant percentage of the share capital of the companies that issued them and are intended to be held for the long term.

This item line amounted to € 3,265 million at 31 December 2012.
It was composed of a few lines for which the holding rate exceeded 20% but their contribution was not deemed material with respect to possible consolidation in the Group's financial statements.

In 2012, long-term impairment of non-consolidated equity investments totalled € 18 million, recognised through profit or loss.

5.5 Derivative instruments

Hedging derivative instruments

Derivative financial instruments used in a hedging relationship are designated according to their intended purpose:

- value hedging: fair value hedges modify the risk of changes in the fair value of a fixed-rate instrument caused by movements in interest rates. These hedges transform fixed-rate assets or liabilities into floating-rate items;
- fair value hedges include in particular the hedging of loans, securities, deposits and subordinated fixed-rate debts;
- hedging future earnings: cash flow hedges modify in particular the risk related to variability in cash flows arising from floating-rate financial instruments;
- cash flow hedges include, in particular, the hedging of floating-rate loans and deposits;
- hedging of a net investment in foreign currency: hedges of a net investment in foreign currency modify the risk inherent in exchange rate fluctuations related to assets or liabilities held in different currencies from the entity's reference currency.

Each hedging relationship is formally documented with a description of the strategy, the item hedged and the hedging instrument, and the method drawn upon to measure effectiveness.

Hedging derivative instruments

	31.12.2012		31.12.2011	
	Market value		Market value	
(in € million)	positive	negative	positive	negative
Interest rates	-	-	-	-
Equity	-	-	-	-
Currency	32	-	-	-
Other	-	-	-	-
Fair value hedging	32	-	-	-
Interest rates	533	-	417	-
Equity	-	-	-	-
Currency	-	-	-	-
Other	-	-	-	-
Cash flow hedging	533	-	417	-
Hedging of net investment in operations in a foreign country	-	-	-	-
Total hedging derivative instruments	565	-	417	-

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	82	451	533
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	82	451	533
Equity and index derivatives	-	-	-	-
Other	32	-	-	32
Other instruments	32	-	-	32
Total hedging derivative instruments - Fair value assets	32	82	451	565

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	40	377	417
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	40	377	417
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	-	-	-	-
Total hedging derivative instruments - Fair value assets	-	40	377	417

Derivative instruments held for trading

(in € million)	31.12.2012		31.12.2011	
	Market value		Market value	
	positive	negative	positive	negative
FRAs	-	-	-	-
Interest rate swaps	1	1	21	5
Interest rate options	128	-	111	-
Caps, floors, collars	152	-	276	-
Interest rate instruments	281	1	408	5
Equity and index derivatives	-	-	-	-
Other	28	6	-	33
Other instruments	28	6	-	33
Total derivative instruments held for trading	309	7	408	38

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	-	-	1
Interest rate options	-	21	107	128
Caps, floors, collars	-	71	80	151
Interest rate instruments	1	92	187	280
Equity and index derivatives	-	-	-	-
Other	24	5	-	29
Other instruments	24	5	-	29
Total hedging derivative instruments - Fair value assets	25	97	187	309

(in € million)	31.12.2011 Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	3	17	1	21
Interest rate options	-	11	100	111
Caps, floors, collars	-	123	153	276
Interest rate instruments	3	151	254	408
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	-	-	-	-
Total hedging derivative instruments - Fair value assets	3	151	254	408

(in € million)	31.12.2012 Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	1	-	2
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	1	1	-	2
Equity and index derivatives	-	-	-	-
Other	-	5	-	5
Other instruments	-	5	-	5
Total hedging derivative instruments - Fair value liabilities	1	6	-	7

(in € million)	31.12.2011 Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	2	3	5
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	2	3	5
Equity and index derivatives	-	-	-	-
Other	23	6	4	33
Other instruments	23	6	4	33
Total hedging derivative instruments - Fair value liabilities	23	8	7	38

5.6 Share held by cedants and retrocessonaires in liabilities relating to insurance contracts and financial contracts

(in € million)	31.12.2012	31.12.2011
Mathematical reserves	-	-
Reserves for unearned premiums	151	147
Reserves for claims outstanding	268	223
Other technical reserves	267	238
Reinsurers' share in non-life insurance liabilities	686	608
Mathematical reserves	284	205
Reserves for unearned premiums	187	169
Reserves for claims outstanding	26	24
Other technical reserves	1	1
Profit-sharing reserves	-	1
Reinsurers' share in life insurance liabilities	498	400
Reinsurers' share in liabilities for financial contracts	-	-
Total share held by cedants in liabilities	1,184	1,008

5.7 Operating property and other property, plant and equipment

(in € million)	31.12.2011	Change in scope	Depreciation /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Gross amount	321	(17)	5	(2)	-	-	307
Depreciation, amortization and impairment	(58)	7	(11)	1	-	-	(61)
Net value of operating property and other properly, plant and equipment	263	(9)	(7)	(1)	-	-	246

(in € million)	31.12.2010	Change in scope	Depreciation /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2011
Gross amount	425	1	4	(45)	-	(65)	321
Depreciation, amortization and impairment	(46)	-	(12)	1	-	-	(57)
Net value of operating property and other properly, plant and equipment	379	1	(8)	(44)	-	(65)	263

5.8 Net deferred acquisition costs

(in € million)	31.12.2012	31.12.2011
Net deferred acquisition costs and similar on insurance and financial contracts with discretionary participation features	433	427
Rights acquired on financial contracts without discretionary participation features	6	13
Net deferred acquisition costs and similar on life activities	439	440
Deferred acquisition costs on non-life activities	351	366
Provisions for expenses charged and unearned deductions	(12)	(49)
Total deferred acquisition costs	778	757

5.9 Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are now offset within a same taxable entity.

The deferred tax tables below show a net change of € 188 million in the "Accounting/tax mismatch" item mainly accounted for by the reversal of the tax risk provision after the tax audit notice sent to Predica in 2008 was cancelled.

Deferred tax assets

(in € million)	31.12.2012	31.12.2011
Accounting/tax mismatch	77	367
IFRS adjustments through reserves	(22)	203
IFRS adjustments through profit or loss	(8)	13
Total deferred tax assets	47	583

Deferred tax liabilities

(in € million)	31.12.2012	31.12.2011
Accounting/tax mismatch	(100)	2
IFRS adjustments through reserves	480	9
IFRS adjustments through profit or loss	210	237
Total deferred tax liabilities	590	248

5.10 Receivables arising on direct insurance and inward reinsurance transactions

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	909	-	24	933
Unrecovered written premiums	16	1	-	17
Unwritten earned premiums	35	-	-	35
Other receivables	448	4	6	458
Receivables for cash deposited at ceding companies	42	71	-	113
Total receivables arising on direct insurance and inward reinsurance transactions	1,450	76	30	1,556

(in € million)	31.12.2011 Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	848	1	42	891
Unrecovered written premiums	16	-	-	16
Unwritten earned premiums	53	-	-	53
Other receivables	451	8	-	459
Receivables for cash deposited at ceding companies	77	-	-	77
Total receivables arising on direct insurance and inward reinsurance transactions	1,445	9	42	1,496

5.11 Receivables arising on outward reinsurance transactions

(in € million)	31.12.2012 Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	88	-	2	90
Other receivables from reinsurance transactions	-	-	-	-
Total receivables arising on outward reinsurance transactions	88	-	2	90

(in € million)	31.12.2011 Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	188	2	-	190
Other receivables from reinsurance transactions	-	-	-	-
Total receivables arising on outward reinsurance transactions	188	2	-	190

5.12 Other receivables

(in € million)	31.12.2012	31.12.2011
Employees	1	-
Government, social security agencies	771	723
Accrued income	81	87
Miscellanious debtors	407	491
Other adjustment accounts	122	132
Securities bought/sold under repurchase agreements	5	885
Total	1,387	2,318

5.13 Equity

Composition of capital at 31 December 2012

At 31 December 2012, equity and voting rights broke down as follows:

Shareholders	Shares outstanding	% of capital	% of voting rights
Crédit Agricole S.A.	116,254,292	99.99%	100%
Other	6	0.01%	0%
Total	116,254,298	100%	100%

The par value of shares is €10. These shares have been fully paid up.

Movements in capital of Crédit Agricole Assurances

There were no movements in the capital of Crédit Agricole Assurances in 2012.

Preferred shares

Crédit Agricole Assurances has not issued any preferred shares.

Earnings per share

	31.12.2012	31.12.2011
Net income attributable to owners of the parent in the period (in € million)	750	433
Weighted average number of ordinary shares outstanding during the period	116,254,298	116,254,298
Earnings per share (in euros)	6.45	3.72

Dividends – Exceptional payouts

- On 9 May 2012, the General Meeting approved a total dividend payout of €378 million, i.e. €3.25 per share.

Two payment options will be proposed to shareholders for the 2012 dividend:
- either in cash;
- or in shares.

	2012 forecast	2011	2010
Net dividend per share (in euros)	8.83	3.25	7.78
Final dividend (in € million)	1,027	378	905

- On 7 November 2012, the General Meeting decided to appropriate the entire retained earnings, i.e. a sum of €138 million, to the “Other reserves” line and to pay out this sum, i.e. €1.187 per share. A Board of Directors meeting held on the same day decided to use the delegation of authority it had been granted by the General Meeting of 9 May 2012 to pay out the issue premium to the amount of €1,584 million, or €13.623 per share.

5.14 Provisions for risks and charges

(in € million)	31.12.2011	Changes in scope	Depreciation	Reversals	Utilisation	Translation differences	Other changes	31.12.2012
Provisions for litigation and contingency risks	293	(17)	30	-	(195)	-	-	111
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	45	-	13	(2)	(2)	-	-	53
Other provisions for risks & charges	15	(2)	1	(1)	(1)	-	-	12
Total	353	(19)	44	(3)	(198)	-	-	177

In 2012, the tax authorities dropped the tax adjustment they had notified after a tax inspection carried out at Predica in 2008. Predica carried out a total reversal of the provision (€140 million).

Moreover, Crédit Agricole Assurances was the subject of a tax inspection covering fiscal years 2008 and 2009. Most of the tax adjustment has been challenged and has not been provisioned.

(in € million)	31.12.2010	Changes in scope	Depreciation	Reversals	Utilisation	Translation differences	Other changes	31.12.2011
Provisions for litigation and contingency risks	144	-	54	(1)	(1)	-	97	293
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	37	-	13	(6)	(1)	-	2	45
Other provisions for risks & charges	120	-	2	(2)	(8)	-	(97)	15
Total	301	-	69	(9)	(10)	-	2	353

5.15 Funding debt

Subordinated debt

(in € million)	Currency	31.12.2012				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	7	-	1,786	1,793
Perpetual subordinated debt	EUR	-	7	-	2,136	2,143
Total	EUR	-	14	-	3,922	3,936

Crédit Agricole Assurances issued €1.7bn subscribed to by Crédit Agricole S.A.

(in € million)	Currency	31.12.2011				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	5	-	1,127	1,132
Perpetual subordinated	EUR	-	4	-	1,132	1,136
Total	EUR	-	9	-	2,259	2,268

Financing charges

(in € million)	31.12.2012	31.12.2011
Redeemable subordinated notes	(67)	(67)
Perpetual subordinated notes	(75)	(76)
Other financing charges	(35)	(27)
Financing charges	(177)	(170)

5.16 Liabilities relating to insurance and financial contracts

Technical liabilities relating to insurance contracts

The insurance contracts whose technical liabilities are presented in the table below are contracts under which the insurer shoulders a significant insurance risk.

	31.12.2012		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,364	151	1,213
Mathematical reserves	2,580	268	2,312
Claims reserves	1	-	1
Particiation reserves	-	-	-
Reserves for shortfall in liabilities			
Other provisions	1,167	267	900
Technical liabilities relating to non-life insurance contracts	5,112	686	4,426
Unearned premiums reserves	760	187	573
Mathematical reserves	85,340	284	85,056
Claims reserves	1,579	26	1,553
Participation reserves	512	-	512
Reserves for shortfall in liabilities	2	-	2
Other provisions	252	1	251
Technical liabilities relating to life insurance contracts	88,445	498	87,947
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	37,093	-	37,093
Total technical liabilities relating to insurance contracts	130, 650	1,184	129, 466

Liabilities relating to insurance contracts net of reinsurance amounted to €129.5bn at 31.12.2012 versus €119.4bn at 31.12.2011. This €10bn increase mostly resulted from the rise in life mathematical reserves.

(in € million)	31.12.2011 Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,320	147	1,172
Mathematical reserves	-	-	-
Claims reserves	2,344	223	2,121
Particiation reserves	1	-	1
Reserves for shortfall in liabilities	-	-	-
Other provisions	1,086	238	848
Technical liabilities relating to non-life insurance contracts	4,750	608	4,142
Unearned premiums reserves	722	169	553
Mathematical reserves	79,551	205	79,347
Claims reserves	1,571	23	1,548
Participation reserves	317	2	315
Reserves for shortfall in liabilities	2	-	2
Other provisions	197	1	196
Technical liabilities relating to life insurance contracts	82,361	400	81,962
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	33,386	-	33,386
Total technical liabilities relating to insurance contracts	120,498	1,008	119,490

Technical liabilities relating to financial contracts

The financial contracts whose technical liabilities are presented in the table below are contracts that do not expose the insurer to a significant insurance risk. They are governed by IFRS 4 when they include discretionary profit sharing features and by IAS 39 when they do not.

(in € million)	31.12.2012 Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,471	-	97,471
Claims reserves	1,116	-	1,116
Participation reserves	785	-	785
Reserves for shortfall in liabilities	-	-	-
Other provisions	20	-	20
Technical liabilities relating to investment contracts in euros with discretionary participation features	99,392	-	99,392
Mathematical reserves	360	-	360
Claims reserves	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	360	-	360
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,189	-	2,189
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,304	-	2,304
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	4,493	-	4,493
Total technical liabilities relating to financial contracts	104,245	-	104,245

The change in technical liabilities relating to financial contracts between 2011 and 2012 amounted to a € 5.3bn loss. It is related to the disposal of Bes Vida.

(in € million)	31.12.2011 Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	100,750	-	100,750
Claims reserves	1,237	-	1,237
Participation reserves	550	-	550
Reserves for shortfall in liabilities	-	-	-
Other provisions	25	-	25
Technical liabilities relating to investment contracts in euros with discretionary participation features	102, 563	-	102, 563
Mathematical reserves	679	-	679
Claims reserves	5	-	5
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	684	-	684
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	1,851	-	1,851
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	5,222	-	5,222
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	7,073	-	7,073
Total technical liabilities relating to financial contracts	110, 320	-	110, 320

Changes in gross life mathematical reserves

(in € million)	31 December 2012 Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	112,938	102,601	5,901	221,440
Premiums	12,550	5,427	651	18,628
Benefits	(8,476)	(8,708)	(847)	(18,031)
Increase in contract prices	5,521	3,045	240	8,806
Changes in reserves relating to technical and actuarial items	(839)	(20)	(70)	(929)
Transfers	805	(824)	(35)	(54)
Other	(11)	(9)	-	(20)
Change in consolidation scope (1)	(36)	(1,851)	(3,176)	(5,063)
Mathematical reserves at end of period	122, 433	99,660	2,664	224, 757

(1) The change in consolidation scope is related to the disposal of Bes Vida.

(in € million)	31 December 2011 Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	105,156	105,934	7,449	218,538
Premiums	14,068	5,633	700	20,401
Benefits	(8,193)	(10,198)	(1,995)	(20,386)
Increase in contract prices	572	2,692	(205)	3,059
Changes in reserves relating to technical and actuarial items	(792)	3	-	(789)
Transfers	1,504	(1,462)	(39)	(2)
Other	1	(1)	(8)	(10)
Change in consolidation scope	622	-	-	622
Mathematical reserves at end of period	112, 938	102, 601	5,901	221, 439

5.17 Change in provisions for non-life claims

(in € million)	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012
Reserves for initially handled gross claims	505	577	974	1,201	1,468	1,690	1,900	2,183	2,350	2,585
Exchange rate impact at 31 December 2012	-	-	-	-	-	-	-	-	-	-
Impact of change in scope on 2012	-	-	(40)	(44)	(47)	(51)	(54)	(58)	(59)	(37)
Reserves for initially handled gross claims adjusted for exchange rates and consolidation scope in 2012	505	577	934	1,158	1,421	1,639	1,846	2,124	2,291	2,548
Cumulative payments made										
- one year later	202	242	313	450	502	554	651	742	778	-
- two years later	273	302	414	575	643	715	846	949	-	-
- three years later	324	362	488	660	743	825	967	-	-	-
- four years later	369	396	542	726	822	902	-	-	-	-
- five years later	392	417	589	782	877	-	-	-	-	-
- six years later	406	436	634	808	-	-	-	-	-	-
- seven years later	421	450	660	-	-	-	-	-	-	-
- eight years later	431	459	-	-	-	-	-	-	-	-
- nine years later	438	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Re-estimated final cost								-		-
- one year later	568	638	971	1,219	1,421	1,603	1,824	2,058	2,258	-
- two years later	536	585	928	1,193	1,374	1,486	1,731	1,937	-	-
- three years later	524	571	929	1,162	1,305	1,435	1,672	-	-	-
- four years later	515	560	936	1,120	1,276	1,409	-	-	-	-
- five years later	509	552	905	1,107	1,268	-	-	-	-	-
- six years later	502	529	909	1,095	-	-	-	-	-	-
- seven years later	489	530	892	-	-	-	-	-	-	-
- eight years later	489	528	-	-	-	-	-	-	-	-
- nine years later	490	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Surplus (shortfall) in initial reserves in comparison with the re-estimated final cost at 31 December 2012	15	49	41	63	153	230	174	188	33	-

(1) Médicale de France data were included in the triangle from 2005 onwards, after the company entered the consolidation scope.

The table describing how claims were handled shows changes in provisions for claims outstanding for the non-life activity (with the exception of CARE). Médicale de France data were included in the triangle as of 2005.

The first line "Reserves for initially handled gross claims" represents the amount of provisions (in the financial year during which the claim occurred and all the previous years) handled at the accounting closing date indicated in the columns.

The line "Reserves for initially handled gross claims adjusted for exchange rates and scope in year Y" shows the same provision as reported in the first line at the exchange rates and consolidation scope of the current year.

The third line "Impact of change in scope on 2012" is related to the stripping out of CARE.

The "cumulative payments made" section describes in detail the cumulative amount of payments relating to year Y when the claim occurred and previous years. The second section "re-estimate of final cost" describes in detail the Group's commitment for the year in which the claim occurred and previous years. The estimate of the final cost fluctuates in line with the increasing reliability of information about claims still pending.

The surplus or shortfall in initial reserves in comparison with the re-estimated final cost is the difference between the initial provision and the latest estimate of reserves for claims outstanding.

5.18 Schedule of insurance liabilities

The estimated unfolding of Crédit Agricole Assurances' insurance liabilities is presented in the following table. These data relate to insurance contracts and financial contracts with the exception of unit-linked contracts, for which policyholders bear the risk.

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	17,598	41,685	134,025	193, 308

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	19,126	48,804	122,428	190, 358

These projections are an estimate of the pace at which recognised liabilities will eventuate; therefore they do not match the sums that will be actually paid, partly because of the discounting of recognised reserves, as well as the uncertainty weighing on the hypotheses drawn upon.

5.19 Net deferred participation

(in € million)	31.12.2012	31.12.2011
Participation/ Remeasurement of assets at FV through profit or loss	87	2,195
Participation/ Remeasurement of (AFS) assets at FV through reserves	3	3,37
Participation/ other adjustments	(11,559	6
Net deferred profit-sharing	(10, 380)	5,257

Deferred participation mainly relates to the reserves held to revaluate securities held in the portfolio. In view of developments in financial markets in 2012, net deferred participation to remeasurements of assets at fair value moved from a positive position of €5.6bn in 2011 to a negative position of €10.7bn in 2012.

5.20 Payables arising on outward reinsurance transactions

(in € million)	31.12.2012	31.12.2011
Fees due	924	834
Claims outstanding	100	196
Cash deposits	-	-
Co-insurers	-	-
Other payables on insurance transactions	581	569
Expenses charged and unearned deductions	12	49
Total payables arising on outward reinsurance transactions	1,617	1,648

5.21 Payables arising from outward reinsurance transactions

(in € million)	31.12.2012	31.12.2011
Ceded reinsurance	-	-
payables Reinsurers'	303	366
current accounts Ceded	132	112
deferred acquisition costs	558	486
Total payables arising from outward reinsurance transactions	993	965

5.22 Other payables

(in € million)	31.12.2012	31.12.2011
Employee creditors	22	19
Government, social	806	760
security agencies	-	2,545
Pension benefits	3,763	2,533
Miscellaneous creditors		
Total other payables	4,591	5,858

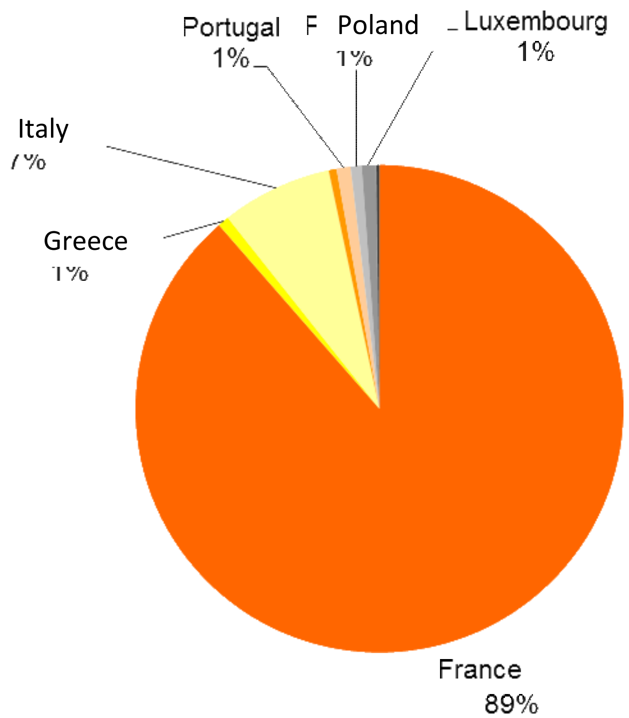
Note 6 Notes to the income statement

6.1 Breakdown of revenue - Revenue by type of risk

(in € million)	31.12.2012		
	Gross	Disposals and retrocessions	Net
Automobile	842	(32)	810
Third-party liability	61	(6)	55
Property damage	842	(90)	752
Legal protection	93	-	93
Other non-Life	484	(12)	472
Non-life	2,322	(140)	2,182
Assistance insurance	1	(1)	-
Accidents/death/disability	511	(44)	467
Natural disasters	70	(39)	31
Credit	349	(69)	280
Healthcare	482	(10)	472
Non-life insurance premiums written	**3,735**	**(303)**	**3,432**
Change in unearned non-life premiums	(36)	1	(35)
Other non-life insurance technical income	68	-	68
Non-life revenue	**3,767**	**(302)**	**3,465**
Accidents/death/disability	1,133	(105)	1,028
Collective savings	80	-	80
Individual savings	16,779	(44)	16,735
Provident insurance	692	(69)	623
Other life	144	-	144
Life insurance premiums written	**18,828**	**(218)**	**18,610**
Change in unearned life premiums	(17)	12	(5)
Other life insurance technical income	15	-	15
Life revenue	**18,826**	**(206)**	**18,620**
Total revenue	**22,593**	**(508)**	**22,085**

(in € million)	31.12.2011		
	Gross	Disposals and retrocessions	Net
Automobile	777	(27)	750
Third-party liability	55	(5)	50
Property damage	798	(83)	715
Legal protection	86	-	86
Other non-life	197	(5)	192
Non-life	1,913	(120)	1,793
Assistance insurance	1	(1)	-
Accidents/death/disability	739	(55)	684
Natural disasters	62	(35)	27
Credit	365	(70)	295
Healthcare	509	(10)	499
Non-life insurance premiums written	**3,588**	**(291)**	**3,297**
Change in unearned non-life premiums	(92)	1	(91)
Other non-life insurance technical income	68	-	68
Non-life revenue	**3,565**	**(290)**	**3,274**
Accidents/death/disability	1,126	(102)	1,024
Collective savings	63	-	63
Individual savings	18,701	(12)	18,688
Provident insurance	718	(69)	649
Other life	150	-	150
Life insurance premiums written	**20,757**	**(183)**	**20,574**
Change in unearned life premiums	(38)	16	(22)
Other life insurance technical income	17	-	17
Life revenue	**20,736**	**(168)**	**20,568**
Total revenue	**24,300**	**(458)**	**23,842**

Revenue by geographical area at 31/12/2012



6.2 Investment income net of investment expenses (including dividends)

The €12.2bn change is mostly accounted for by the change in the fair value of the securities held in the portfolio (mostly unit-linked securities) that totalled €7.3bn, because of a positive trend in markets, and by the €4.9bn depreciation of Greek bonds witnessed in 2011.

	31.12.2012					
(in € million)	Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	763	-	-	-	-	763
Available-for-sale assets	5,839	(5)	(334)	(312)	-	5,188
Held-for-trading assets	2	-	-	-	8	10
Assets at fair value through gain orloss on option	652	-	-	-	5,589	6,241
Investment in real estate properties	166	(5)	-	(16)	-	145
Loans and receivables	17	(5)	3	(2)	(26)	(13)
Derivative instruments	21	(3)	-	-	(207)	(189)
Other	248	(357)	-	-	(1)	(110)
Total	7,708	(375)	(331)	(330)	5,363	12,035

(in € million)	31.12.2011 Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	906	-	-	(767)	-	138
Available-for-sale assets	6,232	(8)	812	(5,382)	-	1,654
Held-for-trading assets	628	-	-	-	(490)	138
Assets at fair value through gain or loss on option	199	-	-	-	(1,710)	(1,511)
	148	(4)	1	(13)	-	132
Investment in real estate properties	58	(15)	2	(3)	9	51
Loans and receivables	16	(9)	-	-	(660)	(653)
Derivative	247	(279)	-	-	-	(32)
Total	8,434	(315)	816	(6,164)	(2,851)	(80)

6.3 Gains and losses from hedge accounting

	31.12.2012			31.12.2011		
(in € million)	Gains	Losses	Net	Gains	Losses	Net
Changes in fair value of hedged items attributable to hedged risks	(26)	-	(26)	9	-	9
Changes in fair value of hedging derivatives (including terminations of hedges)	20	-	20	-	(20)	(20)
Fair value hedges	(6)	-	(6)	9	(20)	(11)
Changes in fair value of hedging derivatives – ineffective portion	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-
Changes in fair value of hedging derivatives - ineffective portion	-	-	-	-	-	-
Hedges on net investments in operations in a foreign country	-	-	-	-	-	-
Changes in fair value of hedged items	-	-	-	-	-	-
Changes in fair value of hedging derivatives	-	-	-	-	-	-
Fair value hedges of exposure to interest rate risk of financial instruments portfolio	-	-	-	-	-	-
Changes in fair value of hedging instrument – ineffective portion	-	-	-	-	-	-
Hedges of the exposure of the cash flows of a financial instruments portfolio to interest rate risk	-	-	-	-	-	-
Total gains and losses from hedge accounting	(6)	-	(6)	9	(20)	(11)

6.4 Claims expenses

(in € million)	31.12.2012 Life insurance Contracts	Financial contracts	Total life insurance	Non-life insurance contracts	Total
Insurance servicing expense and changes in claims reserves	(7,932)	(9,591)	(17,523)	(2,324)	(19,847)
Change in insurance liabilities	(9,550)	1,090	(8,460)	-	(8,460)
Change in participation reserves	(196)	(236)	(432)	1	(431)
Change in deferred participation reserves	-	-	(677)	-	(677)
Change in reserves for shortfall in liabilities	(1)	(2)	(3)	-	(3)
Change in other technical reserves	(80)	1	(79)	(82)	(161)
Claims expenses	(17, 759)	(8, 738)	(27, 174)	(2, 405)	(29, 579)

(in € million)	31.12.2011 Life insurance Contracts	Financial contracts	Total life insurance	Non-life insurance contracts	Total
Insurance servicing expense and changes in claims reserves	(6,125)	(12,379)	(18,504)	(2,058)	(20,563)
Change in insurance liabilities	(7,745)	3,846	(3,898)	-	(3,898)
Change in participation reserves	1,446	2,285	3,731	1	3,731
Change in deferred participation reserves	-	-	1,021	-	1,021
Change in reserves for shortfall in liabilities	(1)	-	(1)	-	(1)
Change in other technical reserves	(99)	-	(99)	(111)	(210)
Claim expenses	(12, 524)	(6, 248)	(17, 751)	(2, 169)	(19, 920)

6.5 Management expenses

Breakdown by destination

(in € million)	31.12.2012
Acquisition costs or similar (1)	(1,826)
Claim management expenses (2)	(171)
Investment management expenses (3)	(39)
Administration expenses	(1,161)
Other technical expenses (4)	(135)
Other non-technical expenses (4)	(110)
Total 2012 management expenses	(3, 442)

(1) excluding the change in deferred acquisition costs totalling €10 million
(2) presented in the income statement on the "Claims expenses" line
(3) presented in the income statement on the "Investment expenses" line
(4) presented in the income statement on the "Other current operating income and expenses" line.

(in € million)	31.12.2011
Acquisition costs or similar	(1,851)
Claim management expenses	(206)
Investment management expenses	(52)
Administration expenses	(1,223)
Other technical expenses	(204)
Other non- technical expenses	(57)
Total 2011 management expenses	(3, 593)

Breakdown by nature

(in € million)	31.12.2012
Staff expenses	(241)
Fees	(2,906)
Taxes (1)	(89)
Other	(206)
Total 2012 management expenses	(3, 442)

(1) The decline in tax expenses is mainly accounted for by the impact of the result related to Greek sovereign securities on the calculation basis used for certain French taxes (a negative €69 million impact in 2011 and a positive €45 million one in 2012).

(in € million)	31.12.2011
Staff expenses	(236)
Fees	(2,874)
Taxes	(183)
Other	(300)
Total 2011 management expenses	(3, 593)

6.6 Fees paid to Statutory Auditors

	Ernst & Young		PWC	
(in € million)	2012	2011	2012	2011
Independent audit, certification, review of parent company and consolidated financial statements	1.9	2.2	1.7	1.8
Other ancillary assignments and services directly linked to the Statutory Auditors' mission	0.3	0.4	0.3	0.2
TOTAL	2.2	2.6	2.0	2.0

6.7 Net income from ceded reinsurance operations

(in € million)	31.12.2012 Life insurance	31.12.2012 Non-life insurance	31.12.2012 Total
Expenses from ceded reinsurance operations	(205)	(302)	(507)
Benefits and costs paid (including change in reserves for claims)	46	113	159
Other technical reserves ceded	79	29	108
Fees received from reinsurers	67	57	124
Net income from ceded reinsurance operations	(13)	(103)	(116)

(in € million)	31.12.2011 Life insurance	31.12.2011 Non-life insurance	31.12.2011 Total
Expenses from ceded reinsurance operations	(167)	(290)	(458)
Benefits and costs paid (including change in reserves for claims)	39	55	94
Other technical reserves ceded	55	36	91
Fees received from reinsurers	36	45	81
Net income from ceded reinsurance operations	(37)	(154)	(191)

6.8 Tax charge

Breakdown of total tax charge

(in € million)	31.12.2012	31.12.2011
Current tax charge	(470)	(292)
Deferred tax charge	(151)	9
Total tax charge	(621)	(283)

Reconciliation between recognised tax charge and theoretical tax charge

(in € million)	31.12.2012	31.12.2011
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	1,502	652
Theoretical tax rate (1)	36.10%	36.10%
Theoretical tax charge	(542)	(235)
Impact of permanent differences	-	(45)
Impact of different tax rates on foreign subsidiaries	17	(8)
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences	15	4
Impact of reduced tax rate	1	7
Impact of other items (2)	(112)	(6)
Effective tax charge	(621)	(283)
Effective tax rate (%)	41.34%	43.41%

(1) The theoretical tax rate is the tax rate applicable under ordinary law (including the additional social contribution) profits taxable in France at 31 December 2012.
(2) including a €127 million "exit tax" on the insurance capitalisation reserve.

Note 7 Employee benefits and other compensation

7.1 Headcount at year-end

Full-time equivalent employees	31.12.2012	31.12.2011
France	1,999	1,957
International	405	452
Total	2,404	2,409

7.2 Post-employment benefits, defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Accordingly, Crédit Agricole Assurances Group companies have no liability in this respect other than their contributions payable.

Within the Group, there are several compulsory defined contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans :

Entities	Compulsory supplementary pension plans	Number of employees covered *	
		Estimate at 31.12.2012	Estimate at 31.12.2011
Predica / CAA/CAAGIS/Pacifica	Agricultural occupational scheme	1,948	1,906
CACI	Occupational scheme	183	181
Predica /CAA/CAAGIS/Pacifica/CACI	"Article 83" (of the French Tax Code) plan	66	62

* Number of employees on the payroll

7.3 Post-employment benefits, defined-benefit plans

Change in actuarial liability

(in € million)	31.12.2012	31.12.2011
Actuarial liability at beginning of period	**62**	**57**
Current service cost during the period	2	4
Impact of discounting	2	3
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	3
Acquisition, disposal (change in consolidation scope)	(29)	-
End-of-career benefits	-	-
Benefits paid out under plan	-	(2)
Actuarial gains/losses	7	(3)
Actuarial liability at end of period	**44**	**62**

Breakdown of charge recognised in profit or loss

(in € million)	31.12.2012	31.12.2011
Current service cost during the period	2	4
Financial cost	2	3
Impact of discounting	-	-
Expected return on assets over the period	(1)	(1)
Amortization of cost of past services	-	-
Amortization of actuarial gains and losses	-	-
Gains and losses on withdrawals and settlements	-	1
Gains and losses from cap on surpluses	-	-
Charge recognised in profit or loss	3	7

Fair value of plan assets

(in € million)	31.12.2012	31.12.2011
Fair value of plan assets at beginning of period	**16**	**16**
Expected return on assets	-	-
Actuarial gains and losses on plan assets	-	-
Employer contributions	-	-
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Acquisition, disposal (change in consolidation scope)*	(15)	-
End-of-career benefits	-	-
Benefits paid out under the plan	-	-
Fair value of plan assets at end of period	**1**	**16**

* Cession Bes Vida

Net position of assets/liabilities

(in € million)	31.12.2012	31.12.2011
Actuarial liability at end of period	44	62
Fair value of plan assets	16	16
Unrecognised past service costs	1	1
Net position of assets/liabilities	27	45

Items immediately recognised in SoRIE (Statement of recognised income and expense) and recognised in comprehensive income

(in € million)	2012	2011
Actuarial gains or losses generated by post-employment benefit plans	7	(3)
Asset restriction adjustments (including impact of IFRIC 14)	-	-
Total items immediately recognised through SoRIE during the financial year	7	(3)
Total amount of actuarial gains or losses in SoRIE at end of financial year	4	(3)

7.4 Other employee benefits

Among the various collective variable compensation plans within Crédit Agricole Assurances Group, the *Rémunération variable collective* (RVC) is a global plan encompassing the discretionary incentive scheme and the compulsory profit-sharing scheme. The amount is calculated in accordance with the Company's performance as measured on the basis of Crédit Agricole Assurances' net income.

A given level of net income – group share - will give rise to an entitlement equal to a given percentage of the total payroll.

The amount of the profit-sharing component is calculated in accordance with the standard legal formula and is deducted from the total RVC to obtain the amount of the discretionary incentive entitlement.

Other employee benefits: in France, the Group's main entities pay long-service awards. The amounts vary according to practices and collective bargaining agreements in place.

7.5 Share-based payments

Under the authorisations granted by the Extraordinary Shareholders' Meeting of 17 May 2006, the Board of Directors of Crédit Agricole S.A. implemented a stock option plan in favour of Crédit Agricole Assurances employees.

No new plan was implemented in 2012.

2006 stock option plan

Crédit Agricole S.A. stock option plan	2006
Date of the Shareholders' Meeting that authorised the plan	17/05/2006
Date of Crédit Agricole S.A. Board of Directors meeting	18/07/2006
Date on which options were allocated	06/10/2006
Length of plan	7 years
Length of the lock-up period	4 years
First date on which options could be exercised	06/10/2010
Expiry date of options	05/10/2013
Number of beneficiaries within Crédit Agricole Assurances	42
Number of shares granted within Crédit Agricole Assurances	237,460
Exercise price	30.83
Performance-related conditions	No
Conditions in case of departure from Group	
Resignation	loss
Dismissal	loss
Retirement	retain
Death	retain (1)
Number of options	
Allocated to corporate officers (2)	49,060
Number of shares allocated to the 10 largest beneficiaries	125,386
Valuation method	Black & Scholes

(1) If heirs and successors exercise their options within 6 months following death
(2) This table shows the allocations made in favour of the corporate officers in place at 31 December 2012 and not the corporate officers in place at the time when this plan was set up

7.6 Senior Executive compensation

Senior Executives include all members of the Executive Committee, namely the Chief Executive Officer and Deputy Chief Executive Officers of Crédit Agricole Assurances, the Chief Executive Officers of the main subsidiaries and the heads of the Group's core business activities.

Compensation and benefits paid to the members of the Executive Committee in 2012 were as follows:

- short-term benefits: €4.9 million with respect to fixed and variable compensation components including social security expenses and benefits in kind;
- post-employment benefits: no end-of-career benefits were paid but €0.14 million was paid under the supplementary pension plan for Group Senior Executive Officers;
- other long-term benefits: not applicable;
- end-of-career benefits: not applicable;
- share-based payments: not applicable.

Total Directors' fees paid to members of Crédit Agricole Assurances Board of Directors in 2013 in consideration for serving as Directors of Crédit Agricole Assurances amounted to €64,000.

Note 8 Commitments given and received

(in € million)	31.12.2012	31.12.2011
Guarantee commitments	707	650
Other commitments received	302	132
Commitments received	1,009	782

(in € million)	31.12.2012	31.12.2011
Securities given as guarantees or pledged	1,164	1,270
Property guarantees	186	186
Other commitments given	-	-
Commitments given	1,350	1,456

Commitments given mainly consist in pledges of securities given to ceding companies. These pledges are aimed at covering the theoretical commitments accepted by Crédit Agricole Assurances under existing reinsurance treaties.

Note 9 Subsequent events

No post-closing event that could materially impact Crédit Agricole Assurances Group's financial statements was recorded.

Note 10 Consolidation scope

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
Parent company						
CREDIT AGRICOLE ASSURANCE	France	Parent company	100%	100%	100%	100%
Holding companies						
CREDIT AGRICOLE CREDITOR INSURANCE	France	Full	100%	100%	100%	100%
Vert SRL (Ex-CREDIT AGRICOLE ASSURANCE ITALIA HOLDING)	Italy	Full (1)	0%	0%	100%	100%
SPACE HOLDING	Ireland	Full	100%	100%	100%	100%
SPACE LUX	Luxembourg	Full	100%	100%	100%	100%
Insurance companies						
PREDICA	France	Full	100%	100%	100%	100%
MEDICALE DE FRANCE	France	Full	100%	100%	100%	100%
ASSURANCES MUTUELLES FEDERALES	France	Full	100%	100%	100%	100%
PACIFICA	France	Full	100%	100%	100%	100%
CALIE	Luxembourg	Full	94%	94%	94%	94%
FONCIERE HYPERSUD	France	Proportionate	51%	51%	51%	51%
SPIRICA	France	Full	100%	100%	100%	100%
BES VIDA	Portugal	Full (2)	0%	0%	50%	50%
BES SEGUROS	Portugal	Full	50%	50%	50%	50%
CA VITA	Italy	Full	100%	100%	50%	50%
FINAREF RISQUES DIVERS	France	Full	100%	100%	100%	100%
FINAREF VIE	France	Full	100%	100%	100%	100%
CACI REINSURANCE	Ireland	Full	100%	100%	100%	100%
CACI LIFE	Ireland	Full	100%	100%	100%	100%
CACI NON-LIFE	Ireland	Full	100%	100%	100%	100%
DOLCEA VIE	France	Full	100%	100%	100%	100%
CA LIFE JAPAN	Japan	Full	100%	100%	100%	100%
CA ASSICURAZIONI	Italy	Full	100%	100%	100%	100%
EMPORIKI LIFE	Greece	Full	100%	100%	100%	100%
Reinsurance company						
CREDIT AGRICOLE REINSURANCE S.A	Luxembourg	Full	100%	100%	100%	100%
Service companies						
VIAVITA	France	Full	100%	100%	100%	100%
CAAGIS	France	Full	50%	50%	50%	50%
CACI GESTION	France	Full	79%	79%	79%	79%
UCITS						
FEDERVAL FCP	France	Full	100%	100%	100%	100%
GRD 2 FCP	France	Full	100%	100%	100%	100%
GRD 3 FCP	France	Full	100%	100%	100%	100%
GRD 4 FCP	France	Full	100%	100%	100%	100%
GRD 5 FCP	France	Full	100%	100%	100%	100%
GRD 7 FCP	France	Full	100%	100%	100%	100%
GRD 10 FCP	France	Full	100%	100%	100%	100%
GRD 12 FCP	France	Full	100%	100%	100%	100%
GRD 14 FCP	France	Full	100%	100%	100%	100%
GRD 16 FCP	France	Full	100%	100%	100%	100%
GRD 17 FCP	France	Full	100%	100%	100%	100%
GRD 18 FCP	France	Full	100%	100%	100%	100%
GRD 19 FCP	France	Full	100%	100%	100%	100%

(1) Vert was deconsolidated in 2011
(2) Bes Vida was sold in 2012

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
GRD 20 FCP	France	Full	100%	100%	97%	97%
GRD 11 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A1 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A2 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A3 FCP	France	Full	100%	100%	100%	100%
BFT OPPORTUNITES FCP	France	Full	100%	100%	100%	100%
CA-EDRAM OPPORTUNITES FCP 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2005 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2006 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 A 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 C2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMP BIS A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
FCPR ROOSEVELT INVESTISSEMENT PARTS A	France	Full	100%	100%	100%	100%
GRD 1 FCP	France	Full	100%	100%	100%	100%
GRD 8 FCP	France	Full	94.7%	94.7%	100%	100%
GRD 9 FCP	France	Full	98.49%	98.49%	100%	100%
PNL FCPR PRED INFR	France	Full	100%	100%	100%	100%
PNL FCPR PREDICA 2007	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A3	France	Full	100%	100%	100%	100%
FCPR PREDICA INFR 2006-2007 A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART B	France	Full	100%	100%	100%	100%
PREDIQUANT OPPORTUNITES	France	Full	99%	99%	99%	99%
PREDIQUANT STRATEGIES	France	Full	100%	100%	100%	100%
FCPR CAA COMPARTIMENT 1 PART A1	France	Full	100%	100%	100%	100%
PNL FCPR CAA C1 A1	France	Full	100%	100%	100%	100%
FCPR CAA COMPART BIS PART A2	France	Full	100%	100%	100%	100%
PNL FCPR CAA P A2	France	Full	100%	100%	100%	100%
FCPR CAA COMP TER PART A3	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II B	France	Full	100%	100%	100%	100%
PNL FCPR CAA C1 C1	France	Full	100%	100%	100%	100%
PNL PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
Collective properdty investment vehicles						
OPCI Predica Bureau	France	Full	100%	100%	-	-
OPCI PREDICA HABITATION	France	Full	100%	100%	-	-
OPCI PREDICA COMMERCES	France	Full	100%	100%	-	-
Property investment companies						
SCI PORTE DES LILAS - FRERES FLAVIEN	France	Full	100%	100%	100%	100%
SCI LE VILLAGE VICTOR HUGO	France	Full	96%	96%	96%	96%
SCI BAUDIN VELLEFAUX	France	Full	100%	100%	100%	100%
SCI BMEDIC HABITATION	France	Full	80%	80%	80%	80%
SCI CROIX AU BEAU	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI FEDALE MIROMESNIL	France	Full	100%	100%	100%	100%
SCI FEDERALE BARBET DE JOUY	France	Full	100%	100%	100%	100%
SCI FEDERALE COURNEUVE	France	Full	99%	99%	99%	99%
SCI FEDERALE GRAMONT	France	Full	100%	100%	100%	100%
SCI FEDERALE MARIGNAN	France	Full	100%	100%	100%	100%
SCI FEDERALE VILLIERS	France	Full	100%	100%	100%	100%
SCI FEDERCOM	France	Full	100%	100%	100%	100%
SCI FEDERLOG	France	Full	100%	100%	100%	100%
SCI FEDERLONDRES	France	Full	100%	100%	100%	100%
SCI FEDERLOUVRE	France	Full	100%	100%	100%	100%
SCI FEDERPIERRE	France	Full	100%	100%	100%	100%
SCI GRENIER VELLEF	France	Full	100%	100%	100%	100%
SCI IMEFA 1	France	Full	100%	100%	100%	100%
SCI IMEFA 10	France	Full	100%	100%	100%	100%
SCI IMEFA 100	France	Full	100%	100%	100%	100%
SCI IMEFA 101	France	Full	100%	100%	100%	100%
SCI IMEFA 102	France	Full	100%	100%	100%	100%
SCI IMEFA 103	France	Full	100%	100%	100%	100%
SCI IMEFA 104	France	Full	100%	100%	100%	100%
SCI IMEFA 105	France	Full	100%	100%	100%	100%
SCI IMEFA 107	France	Full	100%	100%	100%	100%
SCI IMEFA 108	France	Full	100%	100%	100%	100%
SCI IMEFA 109	France	Full	100%	100%	100%	100%
SCI IMEFA 11	France	Full	100%	100%	100%	100%
SCI IMEFA 110	France	Full	100%	100%	100%	100%
SCI IMEFA 112	France	Full	100%	100%	100%	100%
SCI IMEFA 113	France	Full	100%	100%	100%	100%
SCI IMEFA 114	France	Full	100%	100%	100%	100%
SCI IMEFA 115	France	Full	100%	100%	100%	100%
SCI IMEFA 116	France	Full	100%	100%	100%	100%
SCI IMEFA 117	France	Full	100%	100%	100%	100%
SCI IMEFA 118	France	Full	100%	100%	100%	100%
SCI IMEFA 119	France	Full	100%	100%	100%	100%
SCI IMEFA 12	France	Full	100%	100%	100%	100%
SCI IMEFA 120	France	Full	100%	100%	100%	100%
SCI IMEFA 121	France	Full	100%	100%	100%	100%
SCI IMEFA 122	France	Full	100%	100%	100%	100%
SCI IMEFA 123	France	Full	100%	100%	100%	100%
SCI IMEFA 125	France	Full	100%	100%	100%	100%
SCI IMEFA 126	France	Full	100%	100%	100%	100%
SCI IMEFA 128	France	Full	100%	100%	100%	100%
SCI IMEFA 129	France	Full	100%	100%	100%	100%
SCI IMEFA 13	France	Full	100%	100%	100%	100%
SCI IMEFA 131	France	Full	100%	100%	100%	100%
SCI IMEFA 16	France	Full	100%	100%	100%	100%
SCI IMEFA 17	France	Full	100%	100%	100%	100%
SCI IMEFA 18	France	Full	100%	100%	100%	100%
SCI IMEFA 19	France	Full	100%	100%	100%	100%
SCI IMEFA 2	France	Full	100%	100%	100%	100%
SCI IMEFA 20	France	Full	100%	100%	100%	100%
SCI IMEFA 22	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI IMEFA 25	France	Full	100%	100%	100%	100%
SCI IMEFA 27	France	Full	100%	100%	100%	100%
SCI IMEFA 3	France	Full	100%	100%	100%	100%
SCI IMEFA 32	France	Full	100%	100%	100%	100%
SCI IMEFA 33	France	Full	100%	100%	100%	100%
SCI IMEFA 34	France	Full	100%	100%	100%	100%
SCI IMEFA 35	France	Full	100%	100%	100%	100%
SCI IMEFA 36	France	Full	100%	100%	100%	100%
SCI IMEFA 37	France	Full	100%	100%	100%	100%
SCI IMEFA 38	France	Full	100%	100%	100%	100%
SCI IMEFA 39	France	Full	100%	100%	100%	100%
SCI IMEFA 4	France	Full	100%	100%	100%	100%
SCI IMEFA 40	France	Full	100%	100%	100%	100%
SCI IMEFA 42	France	Full	100%	100%	100%	100%
SCI IMEFA 43	France	Full	100%	100%	100%	100%
SCI IMEFA 44	France	Full	100%	100%	100%	100%
SCI IMEFA 45	France	Full	100%	100%	100%	100%
SCI IMEFA 47	France	Full	100%	100%	100%	100%
SCI IMEFA 48	France	Full	100%	100%	100%	100%
SCI IMEFA 49	France	Full	100%	100%	100%	100%
SCI IMEFA 5	France	Full	100%	100%	100%	100%
SCI IMEFA 50	France	Full	100%	100%	100%	100%
SCI IMEFA 51	France	Full	100%	100%	100%	100%
SCI IMEFA 52	France	Full	100%	100%	100%	100%
SCI IMEFA 53	France	Full	100%	100%	100%	100%
SCI IMEFA 54	France	Full	100%	100%	100%	100%
SCI IMEFA 57	France	Full	100%	100%	100%	100%
SCI IMEFA 58	France	Full	100%	100%	100%	100%
SCI IMEFA 6	France	Full	100%	100%	100%	100%
SCI IMEFA 60	France	Full	100%	100%	100%	100%
SCI IMEFA 61	France	Full	100%	100%	100%	100%
SCI IMEFA 62	France	Full	100%	100%	100%	100%
SCI IMEFA 63	France	Full	100%	100%	100%	100%
SCI IMEFA 64	France	Full	100%	100%	100%	100%
SCI IMEFA 66	France	Full	100%	100%	100%	100%
SCI IMEFA 67	France	Full	100%	100%	100%	100%
SCI IMEFA 68	France	Full	100%	100%	100%	100%
SCI IMEFA 69	France	Full	100%	100%	100%	100%
SA RESICO	France	Full	100%	100%	100%	100%
SCI IMEFA 72	France	Full	100%	100%	100%	100%
SCI IMEFA 73	France	Full	100%	100%	100%	100%
SCI IMEFA 74	France	Full	100%	100%	100%	100%
SCI IMEFA 76	France	Full	100%	100%	100%	100%
SCI IMEFA 77	France	Full	100%	100%	100%	100%
SCI IMEFA 78	France	Full	100%	100%	100%	100%
SCI IMEFA 79	France	Full	100%	100%	100%	100%
SCI IMEFA 8	France	Full	100%	100%	100%	100%
SCI IMEFA 80	France	Full	100%	100%	100%	100%
SCI IMEFA 81	France	Full	100%	100%	100%	100%
SCI IMEFA 82	France	Full	100%	100%	100%	100%
SCI IMEFA 83	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI IMEFA 84	France	Full	100%	100%	100%	100%
SCI IMEFA 85	France	Full	100%	100%	100%	100%
SCI IMEFA 87	France	Full	100%	100%	100%	100%
SCI IMEFA 89	France	Full	100%	100%	100%	100%
SCI IMEFA 9	France	Full	100%	100%	100%	100%
SCI IMEFA 91	France	Full	100%	100%	100%	100%
SCI IMEFA 92	France	Full	100%	100%	100%	100%
SCI IMEFA 94	France	Full	100%	100%	100%	100%
SCI IMEFA 96	France	Full	100%	100%	100%	100%
SCI MEDI BUREAUX	France	Full	60%	60%	60%	60%
SCI PACIFICA HUGO	France	Full	100%	100%	100%	100%
SCI PERTERSBOURG VELLEFAUX	France	Full	100%	100%	100%	100%
SCI FEDERALE PEREIRE VICTOIRE	France	Full	99%	99%	99%	99%
SCI SEDAINE VELLEFAUX	France	Full	100%	100%	100%	100%
SCI ST AUGUSTIN	France	Full	100%	100%	100%	100%
SCI VAL HUBERT (SCPI)	France	Full	100%	100%	100%	100%
SCI IMEFA 132	France	Full	100%	100%	100%	100%