

2010



Banque Fédérative
du Crédit Mutuel

REGISTRATION DOCUMENT



This registration document also serves as the annual management report and financial report.



The French language version of this registration document was filed with the French Financial Markets Authority (Autorité des marchés financiers, AMF) under number D.11-0396 on April 28, 2011 pursuant to Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if accompanied by an offering memorandum (note d'opération) approved by the AMF. The registration document was prepared by the issuer and is binding on its signatories.

Copies of this document may be obtained free of charge upon request from the headquarters of Banque Fédérative du Crédit Mutuel. It may also be downloaded in electronic format from the web site of the French Financial Markets Authority (<http://www.amf-france.org>) or from the issuer's web site (<http://www.bfcm.creditmutuel.fr>).

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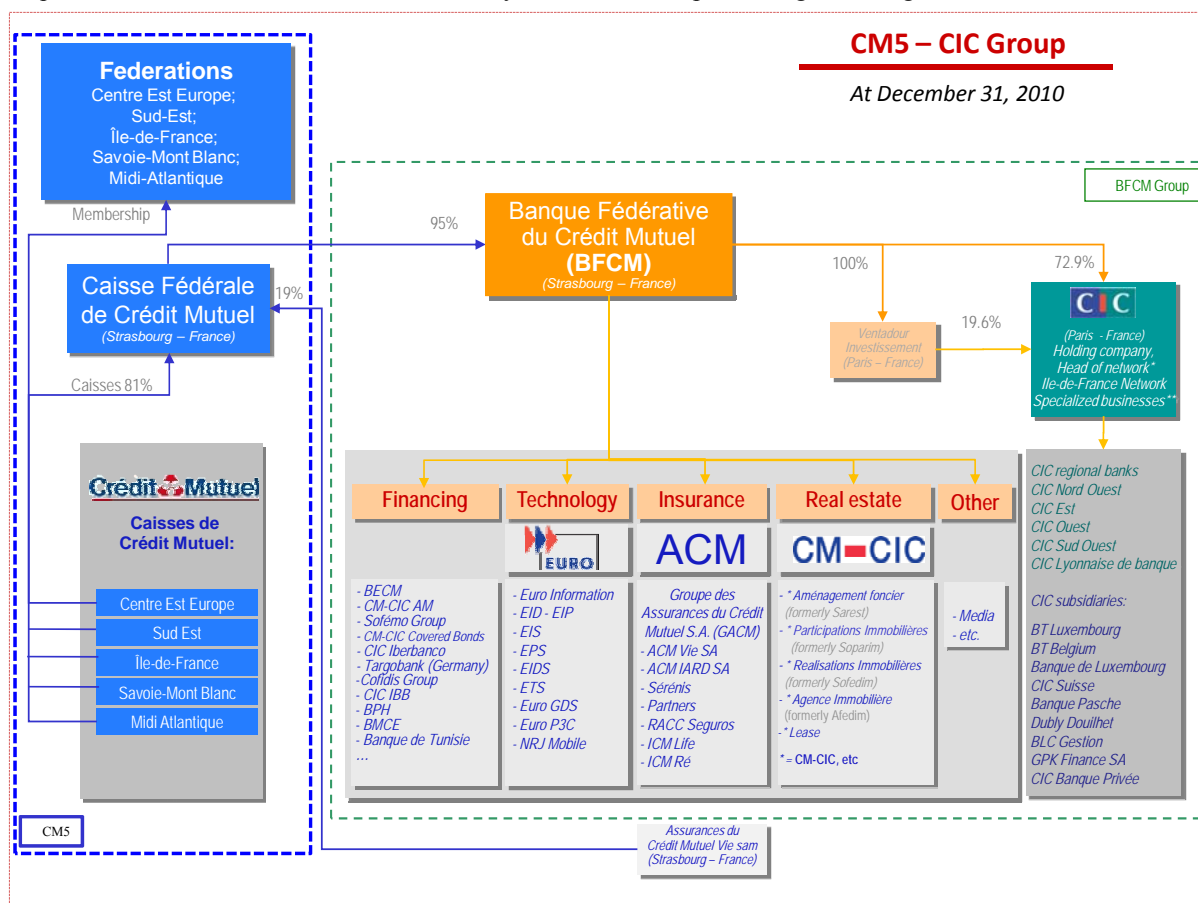
Chapter I

PRESENTATION OF BFCM GROUP

1.1 Presentation of the company and Group

❑ CM5-CIC Group at December 31, 2010

Banque Fédérative du Crédit Mutuel is owned by CM5-CIC Group, whose general organization chart is as follows:



The Caisses de Crédit Mutuel (CCM) are the lowest-level units of the banking network making up the Group. The local Caisses under the control of their share-owning members are registered as variable capital credit cooperative companies with limited liability, or as cooperative trading companies with limited liability. Each local Caisse operates independently and provides local banking services.

The Crédit Mutuel du Sud-Est and Centre Est Europe federations (both of which are associations in which membership is compulsory for the local Caisses) are the policy organs that set the Group's strategic directions and organize solidarity between the Caisses.

The Caisses de Crédit Mutuel, the ACM Vie mutual companies and the federations collectively own Caisse Fédérale de Crédit Mutuel (CF de CM). This French corporation has the status of a cooperative banking company ("*société anonyme à statut de sociétés coopératives de banque*") and overall responsibility for the delivery and coordination of the services common to the network. Caisse Fédérale centralizes all the funds held on deposit by the Caisses while at the same time refinancing them and allocating funds on their behalf as required by regulations (mandatory reserves, assigned deposits, etc.).

In 2002, CF de CM also became the joint interfederal Caisse with Crédit Mutuel Ile-de-France under a partnership agreement for the pooling of the financial and logistical resources of the network of the local Caisses in Ile-de-

France. The collective banking license for the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est and Crédit Mutuel Ile-de-France) was granted by the French Credit Institutions and Investment Firms Committee (*Comité des Établissements de Crédit et des Entreprises d'Investissement*, CECEI), effective January 1, 2002.

In 2006, the CF de CM also became the joint interfederal Caisse with Crédit Mutuel Savoie-Mont Blanc under a partnership agreement for the pooling of logistical and financial resources of the network of the local Savoie-Mont Blanc Caisses. The collective banking license governing operations of the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France and Crédit Mutuel Savoie-Mont Blanc) was granted by the CECEI effective January 1, 2006.

In 2009, CF de CM also became the joint interfederal Caisse alongside Crédit Mutuel Midi-Atlantique. This partnership agreement resulted in the pooling of the logistical and financial resources of the network of the local Caisses of the Midi-Atlantique region. The collective banking license governing the operations of the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc and Crédit Mutuel Midi-Atlantique) was granted by the CECEI effective January 1, 2009.

The network is now comprised of 822 Caisses and 1,382 points of sale, 4.4 million share-owning members and customers in 41 departments with a combined population of 27.2 million.

❑ **BFCM Group**

The Banque Fédérative du Crédit Mutuel (BFCM) is a holding company within the CM5-CIC Group.

The holding company's major subsidiaries and other long-term investments are presented on page 146.
(Note 3- Composition of scope of consolidation).

The activities and key results of the main subsidiaries are presented on page 14.

'Information on the activity and results of subsidiaries and controlled companies (Article L233-6 of the French Commercial Code)'.

Legally required information on BFCM (name, legal status, etc.) is presented on page 180.

1.2 Allocation of BFCM's share capital at December 31, 2010

Information on the ownership and direct or indirect control of BFCM by the CM5-CIC Group and description of the nature of this control.

□ **Allocation of share capital by type of shareholder at December 31, 2010**

Shareholders	No. of shares held	% ownership (3)
CF de CM (1)	24,625,932	94.56%
Caisses locales de Crédit Mutuel (2) members of FCM CEE, FCM SE, FCM IdF , FCM SMB, FCM MA	129,282	0.50%
Fédération du Crédit Mutuel CEE	81	0.00%
CRCM ILE DE FRANCE PARIS	146,481	0.56%
CRCM SA VOIE MONT BLANC - ANNECY	20	0.00%
CRCM MIDI ATLANTIQUE - TOULOUSE	24,684	0.09%
CFCM LOIRE ATLANTIQUE ET CENTRE OUEST - NANTES	495,479	1.90%
CFCM MAINE ANJOU ET BASSE NORMANDIE - LAVAL	222,965	0.86%
CFCM CENTRE- ORLEANS	173,418	0.67%
CFCM DE NORMANDIE - CAEN	99,096	0.38%
CFCM ANJOU - ANGERS	123,870	0.48%
CFCM ANTILLES-GUYANE - FORT DE FRANCE	2,477	0.01%
CAISSE INTERFEDERALE DU CM SUD EUROPE MEDITERRANEE	1	0.00%
CFCM NORD EUROPE	1	0.00%
CFCM OCEAN-LA ROCHE SUR YON	1	0.00%
Individual directors	57	0.00%
TOTAL	26,043,845	100.00%

(1) Caisse Fédérale de Crédit Mutuel (CF de CM) is a cooperative company in the form of a French corporation (*société cooperative ayant la forme de société anonyme*), affiliated with Confédération Nationale du Crédit Mutuel, which is more than 99% owned by the ACM Vie Mutuelle and the Caisses of Crédit Mutuel of the Crédit Mutuel Centre Est Europe, Crédit Mutuel Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie Mont-Blanc and Crédit Mutuel Midi-Atlantique federations.

(2) The financially autonomous, variable-capital cooperative companies (*sociétés cooperatives à capital variable*) Caisses de Crédit Mutuel are owned by their individual share-owning members.

(3) The percentage of voting rights is identical to the percentage of share ownership rights.

□ **Changes in the allocation of share capital during the past three years**

Changes occurring in 2010 were as follows:

CRCM Sud-Est sold 10 BFCM shares to a Caisse of FCM SE.

CRCM Île-de-France (CRCM IDF) sold 140 BFCM shares to the Caisses of FCM IDF (10 shares to each Caisse).

The 10 shares held by Caisse de l'Agriculture were transferred to CRCM Savoie-Mont Blanc (CRCM SMB) following the merger by absorption of Caisse de l'Agriculture by CRCM SMB.

CRCM Midi-Atlantique (CRCM MA) sold 90 BFCM shares to the Caisses of FCM MA (10 shares to each Caisse).

Affiliations of Caisses attached to the CM: 1 CCM du Sud- Est, 14 CCM d'IDF and 9 CCM de Midi-Atlantique.

The Fédération du Crédit Mutuel CEE purchased 30 shares from an individual.

Changes in 2009 were as follows:

Caisse Fédérale du Crédit Mutuel CEE sold 880 BFCM shares to the Caisses of the FCM MA (10 shares to each Caisse).

CRCM Sud-Est sold 30 BFCM shares to the Caisses of the FCM SE (10 shares to each Caisse).

CRCM Ile-de-France (CRCM IDF) sold 260 BFCM shares to the Caisses of the FCM IDF (10 shares to each Caisse).

Affiliations of Caisses attached to the CM: 3 CCM du Sud-Est, 26 CCM d'IDF and 88 CCM de Midi-Atlantique.

Changes in 2008 were as follows:

The sale by SAS CLOE of 495,479 BFCM shares (1.90%) to:

- CFCM NORMANDIE: 99,096 shares (0.38%)

- CFCM CENTRE: 173,418 shares (0.67%)

- CFCM MAINE ANJOU BASSE NORMANDIE: 222,965 shares (0.86%)

CRCM IDF sold BFCM shares to the Caisses of FCM IDF (10 shares to each Caisse).

On December 31, 2007, CRCM IDF owned 147,201 shares (0.57%) and on December 31, 2008 it owned 146,881 shares (0.56%).

❑ **Individuals or legal entities exercising control over BFCM**

Caisse Fédérale du Crédit Mutuel Centre Est Europe controls nearly 95% of BFCM.

❑ **Knowledge by BFCM of an agreement susceptible of resulting in a change in control**

To the best of BFCM's knowledge, no agreement exists that might entail a change in its control at a later date.

❑ **Dependency of the issuer on other Group entities**

BFCM's dependency on other entities within the CM5-CIC Group is limited to the ownership ties presented below in section 1.1 Presentation of the company and Group.

Section VI page 180 indicates that no major agreements exist between BFCM and the subsidiaries.

1.3 Company history and growth

Banque Fédérative du Crédit Mutuel (BFCM) is a Holding Company in the CM5-CIC Group.

BFCM carries the Group subsidiaries and coordinates their activities.

These subsidiaries have activities in the finance, insurance, electronic banking and information technology areas.

BFCM performs the central financing function on behalf of the CM5-CIC Group.

BFCM is responsible for managing financial relations with large corporates and local governments by performing services in the areas of payments processing, lending and financial engineering transactions.

Caisse Fédérale de Crédit Mutuel holds 94.56% of its capital.

History of Crédit Mutuel

1877: Raiffeisen creates a federation of Caisses de la Rhénanie, whose mission is to control, advise and represent the Caisses.

1882: Creation of the first Caisse de Crédit Mutuel at Wantzenau.

1885: Creation of the Basse Alsace and Haute Alsace federations.

1895: Opening in Strasbourg of a branch of Caisse Centrale de Neuwied.

1897: Creation of the Lorraine federation.

1905: Merger of the three above-mentioned federations into the Alsace-Lorraine federation.

1919: Foundation of Banque Fédérative du Crédit Mutuel.

1958: Crédit Mutuel is granted legal status at national level.

The Federation becomes the Fédération du Crédit Mutuel d'Alsace et de Lorraine.

Banque Mosellane becomes Banque Centrale des Caisses de Lorraine. In 1966, it changed its name to Banque du Crédit Mutuel Lorrain (BCML).

1962: Creation of Centre Mécanographique du Crédit Mutuel, the predecessor of GTOCM (*Groupement Technique des Organismes du Crédit Mutuel*).

1970: Opening of Wacken facility.

1971: Creation of Assurances du Crédit Mutuel.

Opening of Bischberg training center.

1972: Expansion into Franche-Comté, the group taking on the name of Fédération du Crédit Mutuel Alsace Lorraine Franche Comté.

1992: Crédit Mutuel Centre Est Europe (CMCEE) is formed through the merger of two federations, Alsace-Lorraine-Franche-Comté and Centre-Est (Bourgogne-Champagne).

1993: Partnership between CMCEE and Crédit Mutuel du Sud Est.

1998: BFCM acquires 67% of the capital of CIC for €2 billion in consideration.

2001: BFCM acquires the remaining 23% stake in CIC still owned by Groupama.

2002: Partnership between CMCEE and CMSE with CM Île-de-France.

2002-2003: Partnerships with Banca Popolare di Milano through CIC (banking and insurance, payments processing, equity interests, etc.)

2004: The Chambre Syndicale enlarges its field of action in turn, to take in the three federations.

The ACM begin to distribute vehicle insurance contracts through the Sa Nostra network in the Balearic Islands.

In partnership with Banque de Tunisie, which is 20%-owned by CIC, Euro Information sets up two subsidiaries in Tunisia specializing in information systems development (IID) and outgoing call management (Direct Phone Services).

CIC acquires a 10% interest in Banque Marocaine du Commerce Extérieur (BMCE), leading to cooperation in the distribution of financial products, the delivery of banking and insurance services, real estate transactions, consumer credit and leasing contracts.

2006: Fédération Savoie Mont-Blanc joins the interfederal Caisse, bringing the number of member federations up to four.

2007: On March 14, CIC Private Banking-Banque Pasche acquired Swissfirst Private Banking based in Zurich, with retroactive effect to January 1, 2007. Swissfirst Private Banking was then consolidated in 2007, with total assets of €625 million and €1.9 billion in assets under management. Swissfirst's private banking activity generated net income of €6 million, a 24% increase in the first nine months.

In April, BFCM acquired a 100% interest in Groupe Républicain Lorrain by buying up the shares held in various Group companies for €73 million.

On June 15, BFCM announced the creation of its subsidiary CM-CIC Covered Bonds, which launched a €15 billion EMTN ("Euro Medium Term Notes") program.

2008: CIC Group increased its equity interest in Banque Marocaine du Commerce Extérieur from 10% to 15%.

On June 5, BFCM acquired 100% of the capital of the French subsidiary of the Banco Popular Español Group.

On June 27, BFCM acquired a majority interest in Est Républicain through France Est.

On November 18, BFCM signed an agreement with a view to acquiring a controlling interest in Cofidis Participations.

On December 5, BFCM acquired a 100% interest in Citibank Deutschland.

2009: The Fédération Midi-Atlantique joined the Caisse Interfédérale, raising the number of member federations to five.

On March 23, the BFCM Group and 3 Suisses International ("3SI") announced the definitive completion of an acquisition of a controlling interest in Cofidis Participations.

This transaction was carried out by the acquisition of 51% of Cofidis Participations by a holding company jointly owned by BFCM and 3SI and 67%-controlled by BFCM. Under the terms of the agreement, BFCM may increase its equity interest in Cofidis Participations to 67% of the share capital and voting rights by 2016, at the initiative of either party.

2010: The Group strengthened its branch network in France and neighboring countries (in particular Spain through the creation of a branch network with Banco Popular), thereby expanding its activity and reach.

2011: The Crédit Mutuel Loire-Atlantique et Centre Ouest, Crédit Mutuel Centre, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivarais and Crédit Mutuel Méditerranée federations joined Caisse Fédérale de Crédit Mutuel, bringing the number of member federations up to 10.

1.4 Competitive position*

1.4.1 New products and/or new activity

Not applicable.

1.4.2 Main markets

BFCM is a subsidiary of the CM10-CIC Group controlled by the 10 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranée. The competitive and strategic positioning is analyzed at national level for the entire Crédit Mutuel-CIC.

BFCM's main business is retail banking in France, which generates most of its net banking income. Several indicators make it possible to measure Crédit Mutuel's relative share of this market compared with its competitors (data excluding Banque Postale):

Number 1 property and casualty insurance provider among bankinsurance companies

Number 1 bank for associations and works councils

Number 2 bank in electronic banking

Number 2 bank in farm lending

Number 2 bank for microcredit to social and professional organizations

Number 3 in home loans

Number 3 bank for SMEs

Number 3 banking network for consumer credit

Number 4 life insurer among bankinsurance companies

(These rankings are based on an internal study, which is itself based on comparable sector data published by banks broken down under headings such as "French local banking", "French retail banking", etc.)

The Group is both productive and profitable. It boasts excellent financial health and is classified among high quality issuers. Like CIC, Crédit Mutuel is rated A+/A-1 by Standard & Poor's with a stable outlook. It is thus among the highest-rated banking institutions in the euro zone, particularly as the Banque Fédérative du Crédit Mutuel (the holding company for the Centre Est Europe Group and direct shareholder in CIC) is also rated Aa3/P1 (stable outlook) by Moody's and rated AA-/F1+ (stable outlook) by Fitch.

➤ **Crédit Mutuel named "2010 Bank of the Year in France" by The Banker**

(Crédit Mutuel Group press release of December 3, 2010 and available (French version only) on the BFCM web site:

<http://www.bfcm.creditmutuel.fr/fr/bfcm/index.html>).

Thanks to its development model based on close proximity to customers as well as banking and insurance products suited to the needs of its customers, Crédit Mutuel won this award for the first time. This award also recognizes the solid foundation of its results.

The quality of its customer relations was previously recognized in 2008, 2009 and 2010 by the BearingPoint-TNS Sofres award.

With retail banking at the heart of its business, Crédit Mutuel Group combines the strengths of a cooperative bank rooted at the local and regional levels with those of CIC, giving it a national and international reach in all banking and insurance areas.

Its development in the banking businesses and neighboring countries (Germany with Targobank, Spain through the partnership with the Royal Automobile Club of Catalonia and the acquisition of equity interests in Banco Popular, Cofidis, Monabanq, etc.) has enabled it to become Europe's fourth largest consumer credit provider.

"The 2010 Bank of the Year" in France is a cooperative Group owned by its share-owning members, whose interests it shares. These members may become involved in the management of their local Caisse that issues their bank statements. This was also the reason Crédit Mutuel was the only bank not to have its financial rating downgraded during the financial crisis.

When presented with the award from *The Banker* magazine, Michel Lucas, the Chairman of Crédit Mutuel, noted:

"The reforms to the banking and financial system must take two main constraints into account.

First, they need to be measured and spread over time so as not to impose excessive costs on the banking and financial system that might compromise the recovery and jeopardize growth.

Second, they must enable international convergence of regulatory systems and strengthen confidence in the financing mechanisms of our economies.

* Data not audited by statutory auditors

In this environment of ever stricter regulatory constraints, what matters to us is upholding the interests of our share-owning members....”

➤ **Crédit Mutuel and CIC share the first place banking sector award handed out by BearingPoint – TNS Sofres for its 2010 Customer Relations Podium**

(Excerpt from the Crédit Mutuel Group press release of June 4, 2010 and available on the web site of Confédération Nationale du Crédit Mutuel: <https://www.creditmutuel.com/groupe/fr/>).

For the third consecutive year and fourth overall, Crédit Mutuel, a leading bankinsurance company in France, received the first place award for the banking sector handed out by BearingPoint – TNS Sofres as part of its 2010 Customer Relations Podium.

This year, Crédit Mutuel was joined in the top spot by its subsidiary CIC, making the Crédit Mutuel Group the top customer relations company in the banking sector. The Crédit Mutuel Group, which comprises the Crédit Mutuel network (a cooperative and mutual bank) and all its subsidiaries, in particular CIC, focuses first and foremost on the quality of its long-term relationship with and services to its 23 million share-owning members and clients. It offers them its expertise in all finance-related business areas.

FUND MANAGEMENT:

A steady harvest of awards for CM-CIC AM.

These successive awards attest to the longstanding recognition by the trade press of the quality of the bank’s performances.



2009 awards

Gold: euro-denominated bond funds over three years

Silver: overall performance over three years

Silver: diversified funds line over three years

2010 Awards

Grand Trophée d’Or: the best overall performance for all funds over 10 years (all categories);

Trophée d’Or: best line of euro-denominated bond funds over three years (Retail banks);

Trophée de Bronze: overall fund performance over three years (Retail banks);

Laurier de Bronze: Equities and diversified funds management category;

Laurier de Bronze: CM-CIC Or et Mat in the Investment Funds category;

Victoire de la Tribune: best Group in the “Broad Range Bond Funds”;

Lipper Fund Awards: Union Obli Long Terme best fund in the “Long-term euro-denominated bonds” category over 5 and 10 years;

Label Régularité: Union Obli Court Terme and CM-CIC Dynamique International

2008 awards

Gold: Best Overall Performance over three years

Gold: Best line of sector funds over three years

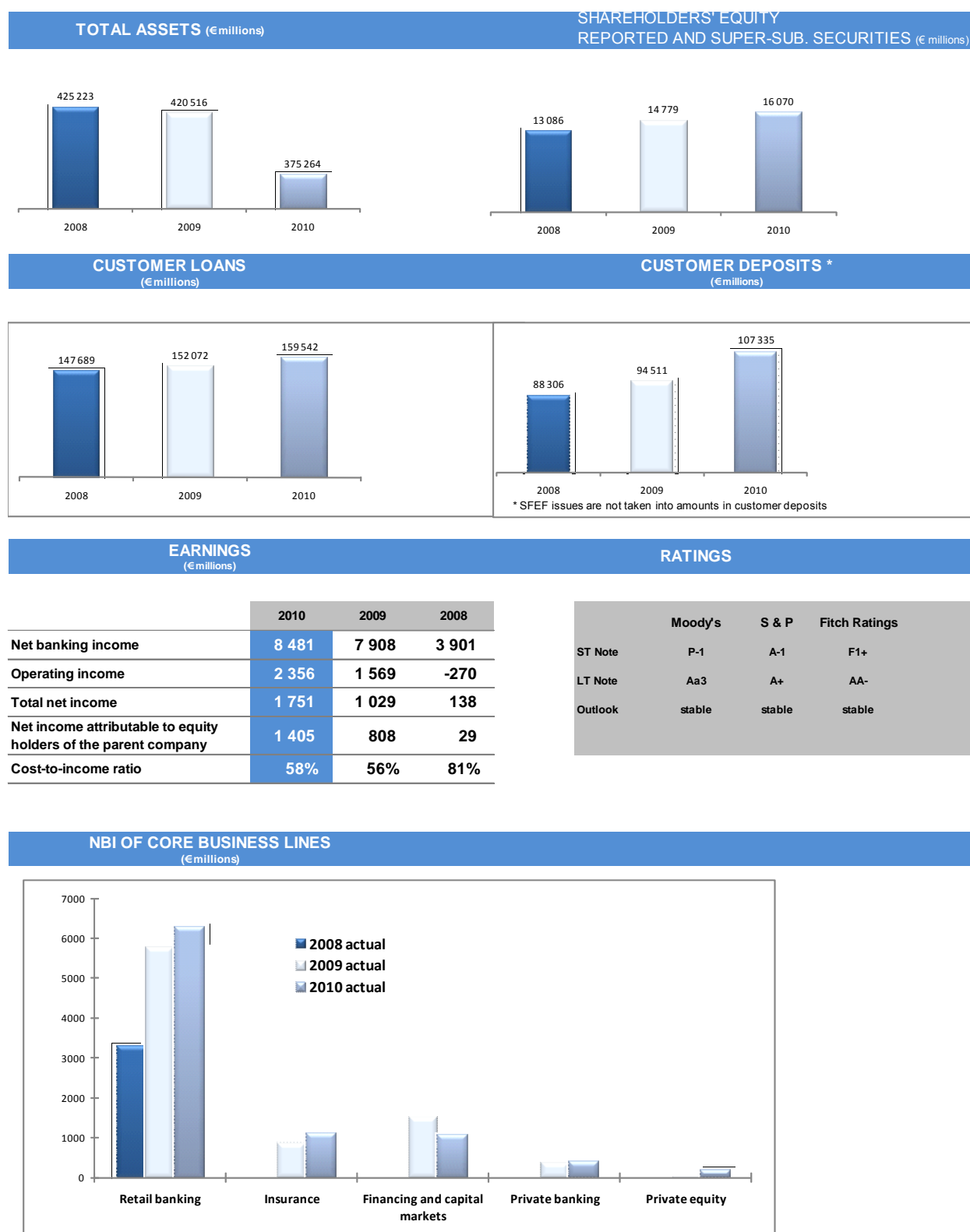
Gold: Best line of euro-denominated bond funds over three years

Silver: best euro-denominated bond funds over 10 years with **Union Obli Moyen Terme**

1.4.3 Elements serving as the basis for any statements by the issuer regarding its competitive position

The sources of these rankings (notably those listed above) are explicitly cited; otherwise the information is from internal sources.

1.5 Selected financial information for the consolidated BFCM Group



Source: consolidated financial statements

CM5-CIC Group Key Figures

Key figures

(at December 31 - €millions)

	2010	2009
Activity		
Total assets	434,262	434,298
Loans and receivables due from customers ¹	229,304	218,017
Assets under management and held in custody ²	430,390	400,832
- of which customer deposits ²	154,477	138,602
- of which insurance product savings	61,345	56,662
Shareholders' equity		
<i>Reported shareholders' equity and super subordinated sec (including net income for the previous year before dividend)</i>	25,527	23,468
Number of employees (at year-end) ³	57,991	55,908
Number of points of sale	4,017	3,935
Number of customers	21,490,133	21,078,880
Consolidated results		
Net banking income	10,889	10,122
General and administrative expenses	-6,356	-5,949
Gross operating income	4,533	4,174
Cost of risk	-1,305	-1,987
Operating income after provisions	3,228	2,187
Net gain (loss) on non-current assets and equity-accounted investments	-3	-83
Net income before tax	3,225	2,103
Corporate income tax	-884	-668
Net income	2,341	1,435

*. Consolidated results of Caisses de Crédit Mutuel Centre Est Europe (Strasbourg), Sud-Est (Lyon), Ile-de-France, Savoie- Mont Blanc (Annecy) and Midi-Atlantique (Toulouse), of their joint Caisse fédérale, of Banque Fédérative du Crédit Mutuel and its main subsidiaries: ACM, BECM, IT, etc. including CIC, Targobank (formerly Citibank Germany) Cofidis and CIC Iberbanko (formerly Banco Popular France), Banco Popular Hipotecario (BPH).

1. Including finance leases

2. SFEF issues are not taken into account in customer deposits

3. Employees of entities controlled by the Group

Chapter II

BFCM AND GROUP BUSINESS LINES

2.1 BFCM activities

BFCM provides several main business functions:

- central refinancing for the CM10-CIC Group*
- depositary for the undertakings for collective investments (UCIs) of the CM10-CIC Group*
- financial relations with large corporates and local authorities in the areas of payments, credit and financial engineering*
- entity charged with carrying the CM10-CIC Group subsidiaries and coordinating their activities*

a. Capital markets activity - Refinancing

In 2010, the money and financial markets were affected by:

- shorter investment terms implemented by French and international money market funds. This trend will carry over to 2011, given the establishment of new regulatory constraints giving managers an incentive to focus even more on asset liquidity.
- a financial market that is very concerned with the public debt of the euro zone countries and therefore extremely selective at the expense of the most fragile countries and their banking systems.
- the gradual implementation of so-called Basel III liquidity rules, whose application becomes mandatory between 2015 and 2018 and will help banks achieve a better deposits/credits balance and a reduction in their maturity transformation.

For our CM5-CIC Group, the following items are noteworthy:

- a 3% reduction in the capital markets funding requirements as a result of the improvement in the credit/deposit ratio of the Group's commercial banking activity. This trend will continue in 2011 as we continue our policy of developing deposit accounts among our clients
- continued diversification and internationalization of refinancing sources through various securities programs (ECP, London CDs, EMTN BFCM and CM-CIC Covered Bonds)
- in line with the measures taken at the London and Frankfurt branches, the Group plans to expand its integrated refinancing platform to the Singapore and New York branches in 2011
- in the capital markets, CM-CIC's creditworthiness is well recognized by the leading euro zone and UK investors. The Group's communications and presentation efforts will nevertheless be extended to other regions (US, Asia, Australia, Canada). The bank already met with several investors from these areas in late 2010; legal work will be performed in 2011 to obtain the necessary documentation for issuance adapted to these markets
- significant extension of market resources; 11 public bond issues were carried out under the BFCM and CM-CIC Covered Bonds signatures.
In all, €15.5 billion in medium- and long-term market financing was raised in 2010 (of which €9.4 billion with maturities of five years or more), which represents €3 billion more than the €12.5 billion maturing during the year
- gradual adaptation of the composition of our liquidity buffer to the known requirements of the future liquidity coverage ratio (LCR), while still aiming to ensure European Central Bank (ECB) eligibility for the assets
- a second European Investment Bank (EIB) drawing was made in 2010 as part of the "loans to SMEs" envelope; yet another refinancing mechanism to round out the available options

b. Depositary for UCIs

From a regulatory standpoint, the depositary function for UCIs — investment funds (FCP), open-ended funds (SICAV), employee stock ownership funds (FCPE), private equity funds (FCPR), etc. — involves the following:

- custody account-keeping (mainly marketable securities), cash account-keeping and account-keeping for other securities (futures and other directly held financial instruments (*instruments financiers nominatifs purs*));
- auditing the regulatory compliance of UCI management decisions;
- UCI liabilities management in cases where the management company has delegated it to the depositary, including in particular subscription and redemption order processing initiated by clients. This activity is performed by the Group's specialized units.

In 2010, the main depositary activities of Banque Fédérative du Crédit Mutuel were as follows:

- a reduction in UCI assets, notably money market funds as a result of the substantial outflows given the declining yields on these investment vehicles. The new eligibility requirements to strengthen the liquidity of these UCIs were postponed by one year and will take effect on July 1, 2011;
- strengthened pooling of resources and improvements to the operating organization in the CM-CIC Depositary environment;
- the launch of various information technology projects aimed at automating and securing controls;
- substantial efforts to bring agreements up to date, notably depositary agreements, agreements to share information between master and feeder UCITS depositaries, trilateral agreements between the management company / account-keeper custodian for employee savings and depositary;
- a warning level that remains high as regards the default risk of financial intermediaries with a direct impact on depositaries for the securities custody function, in particular prime brokerage transactions or the need to use local sub-custodians for foreign securities. Our UCIs are not exposed to these warnings;
- help in preparing responses through the French Association of Securities Professional (AFTI) to the various financial markets surveys by the AMF and the transposition of UCITS 4, which will enter into force on July 1, 2011: UCITS with constant NAV, transition to the KIID (Key Investor Information Document), manual for preparing by-laws and prospectuses, etc. In that respect, the requirements for immediate dissemination by French depositaries have not been lifted, although the need for harmonization at the international level for depositaries is urgently needed;
- the completion of a map of reported tax obligations, notably with respect to private equity funds.

At December 31, 2010, Banque Fédérative du Crédit Mutuel was the depositary for 730 UCIs with a total of €62.2 billion in assets, down 12.9% since 2009.

The overwhelming majority of these UCIs held in custody by Banque Fédérative du Crédit Mutuel are managed by the Group fund management companies, namely CM-CIC Asset Management for general purpose and employee savings UCIs and by CM-CIC Capital Privé, CIC LBO Partners and CIC Mezzanine for the private equity (FCPR) funds. Banque Fédérative du Crédit Mutuel also acts as the depositary for around 20 fund management companies outside the CM-CIC Group.

c. Large accounts and structured products

The financial crisis led companies to diversify their sources of financing, notably through increased bond market access. Large corporates reduced their indebtedness substantially and now boast healthier liquidity positions. These new issues enabled companies to extend their average debt maturities.

Moreover, as the European economic environment was marked by an anemic recovery, demand for credit also remained weak in 2010, with the syndicated loan market driven mainly by refinancing transactions. In this environment, the level of commitments to large accounts stabilized and their use declined sharply.

One noteworthy development was the return of foreign banks to the French market and easier access to liquidity in the first half, which put pressure on credit margins relative to 2009, albeit without a return to the pre-crisis levels. In the second half, the number of refinancing transactions increased in anticipation of rising interest rates. Moreover, the new Basel III regulation is forcing banks to initiate a strategic review of their policies with respect to refinancing and credit distribution to businesses and other economic participants.

In 2010, the Group continued its strategy of supporting clients, as it did during the crisis.

Companies across all sectors recorded clearly improved results, as the anemic situation in the domestic market was offset by new growth avenues, in particular emerging market countries. In this environment, the large accounts were able to rely on the Group's international network to satisfy customer requirements.

Companies replenished their cash reserves and are once again searching for safe and relatively liquid investments. CM-CIC bolstered its new deposit efforts by offering clients a line of products with suitable yields.

Payment services remain the mainstay of our sales efforts. In a very competitive environment, the Group was still able to strengthen its cash management positions. It has thus solidified its position as a leading payments processor in France and is winning market share at European level. During the second half, preparations for the migration (end of the Etebac format) towards SWIFNET and EBICS solutions were a priority project on behalf of bank clients.

The large accounts' contribution to key business lines increased in 2010: employee savings, factoring, leasing, private management, etc.

The trend in 2011 is likely to continue that of 2010, marked primarily by a very gradual economic recovery that still includes much uncertainty (commodity prices, interest rate trends, etc.).

d. Shares in subsidiaries and other long-term investments

The total portfolio of shares in subsidiaries and other long-term investments as well as participatory loans was €8,159.2 million at December 31, 2010, compared with €6,977.2 million the previous year.

Pursuant to the provisions of Article L 233-6 paragraph 1 of the French Commercial Code, the main changes in the portfolio of shares in subsidiaries and other long-term investments were as follows:

- Les Gâtines: creation of a management company for the training center of Verrières-les-Buissons, which is 100%-owned by BFCM,
- Banco Popular Hipotecario (Madrid): Acquisition of 146,455 shares (50% of the share capital) for total consideration of €312,500,000;
- Banque Marocaine du Commerce Extérieur (Morocco): participation in this company's capital increase in the amount of €226,938,922, increasing the percentage ownership from 19.9% to 25%,
- Ataraxia: acquisition of 6% of the share capital of this real estate holding company for consideration of €2,147,381,
- Banco Popular Español (Madrid): acquisition of a 5% stake for €298,161,710;
- Caisse de Refinancement de l'Habitat: annual adjustment in our ownership interest, resulting in the purchase of securities in the amount of €770,149; the ownership interest represents 16.96%.

2.2 Information on the activity of subsidiaries and controlled companies

(Article L 233-6 of the French Commercial Code)

Under the above regulation, the report submitted to the Shareholders' Meeting must disclose the results of the subsidiaries and companies controlled by BFCM, by business line. Unless otherwise mentioned, the subsidiaries presented below are within the scope of consolidation of the BFCM Group.

Detailed information on the percentages of share ownership is shown in the table of subsidiaries and long-term investments on page [88](#) and in note 3 on page 6 "Composition of Consolidation Scope".

The other subsidiaries identified below as not consolidated (NC) either perform operations on behalf of the Group that are immaterial or they represent minor investments.

Financial and related sector

***Groupe Crédit Industriel et Commercial SA:** 2010 was marked by the continued increase in the number of clients and expansion of the network, the reduction in net additions to/reversals from provisions for loan losses, growth in outstandings and the volume of new credits, deposits and insurance and service activities (remote banking, remote surveillance and telephone banking). Given all these factors, net income totaled €1,144 million.

Commercial results:

In 2010, the combined efforts of all employees made it possible to serve the client base of individuals, associations, professionals and companies (CIC is the bank for one out of three companies).

Overall credit outstandings totaled €127 billion (+5.6%), deposits stood at €91 billion (+18.7%) and assets under management and in custody reached €220 billion (+4.9%).

CIC's retail banking sector continued to improve the quality of its network, which with 44 new points of sale now totals 2,117 branches.

Its development over the past year made it possible in particular to:

- add 88,166 new clients (including 11,159 professionals and 474 companies) and thereby bring the total to 4,369,747 (+2%);
- increase credit outstandings in the retail banking network by 5% to €96 billion (including +7.6% for home loans and +8.8% for investment credits);
- boost banking network deposits by 19% to €67 billion thanks to the significant increase in term accounts;
- develop the property and casualty insurance business (+6.9% of the portfolio to 2,717,076 contracts);
- record gains in the services area (remote banking +8.1% to 1,438,736 contracts, telephone banking +41.7% to 232,526 contracts, theft protection +11% to 54,927 contracts, electronic payment terminals (EPT) +0.7% to 95,984 contracts).

Credit outstandings totaled €12.8 billion in the Corporate Bank and €6.1 billion in the Private Bank.

Financial results:

Total NBI was stable at €4,637 million in 2010 compared with €4,687 million the previous year.

Net additions to/reversals from provisions for loan losses totaled €441 million in 2010, compared with €861 million in 2009. As a result, the ratio of provision allocations to outstanding loans fell from 0.70% to 0.34% and the overall non-performing loan coverage ratio was 59.3% as of December 31, 2010.

CIC recorded net income of €1,144 million in 2010, compared with €838 million in 2009.

At December 31, 2010, the European Tier 1 solvency ratio was 10.8%, compared with 10.2% in 2009. Tier 1 regulatory capital totaled €10.8 billion.

CIC, a subsidiary of BFCM, has the following long-term ratings: A+ by Standard & Poor's, Aa3 by Moody's and AA- by Fitch.

The Executive Board will propose a net dividend of €8.80 per share to the May 19, 2011 Shareholders' Meeting, compared with a €4.35 net dividend paid out for the previous year.

Retail bank

In 2010, the retail bank recorded NBI of €3,280 million, up 8% from €3,028 million.

General and administrative expenses increased by 2% to €2,175 million.

Net additions to/reversals from provisions for loan losses fell from €470 million to €267 million in 2010.

Income before tax was €955 million in 2010, compared with €507 million the previous year.

Corporate bank

NBI increased by 4% to €405 million.

Net additions to/reversals from provisions for loan losses fell from €155 million in 2009 to €32 million in 2010.

Income before tax rose by 79% to €296 million.

Capital markets

In 2010, this activity recorded NBI of €555 million, down from €945 million in 2009, a year that was marked by exceptionally strong activity.

Net additions to/reversals from provisions for loan losses totaled €139 million, compared with €222 million in 2009.

Income before tax fell from €550 million to €252 million.

Private bank

NBI increased from €397 million in 2009 to €404 million in 2010, while income before tax fell from €94 million to €70 million.

Private equity

NBI jumped from €49 million in 2009 to €191 million in 2010, while income before tax rose from €21 million in 2009 to €156 million last year.

Invested capital totaled €1.4 billion, including €236 million in 2010. CIC has equity investments in nearly 500 companies through a portfolio of 519 investments totaling €1.6 billion.

At January 1, 2011, the entities involved in this business line (CIC Finance, CIC Investissement, CIC Banque de Vizille et IPO) were consolidated within CM-CIC Capital Finance.

Outlook:

CIC Group is pursuing:

- the commercial development of its network,

- the extension of its line of products and services in all its markets,
- its objective to deliver the best possible service to individuals, associations, professionals and companies,
- its support for the economic activity to satisfy the needs of its clients as closely as possible.

BFCM reinvested its dividend in shares (€115,255,216) and purchased 18,265 shares (€4,441,648).

***Banque de l'Economie du Commerce et de la Monétique SAS:** BECM is a Group subsidiary that works alongside the Caisses de Crédit Mutuel branch network in the retail banking area and with the CIC network to jointly develop four large markets:

- large corporates and SMEs;
- financing of real estate development, notably in the housing sector,
- real estate companies specializing in the management of leased residential and commercial properties and office space, with a comprehensive customer service approach that includes financing and cash management,
- wealth management as an extension of the financial engineering activities on behalf of partners and managers of companies that are BECM clients.

Thanks to its positioning, BECM also steers two business line centers on behalf of the Group: real estate professionals and large order-givers in the payments processing area.

The bank does business nationwide through a network of 40 branches (28 corporate branches, 8 real estate development branches, 1 landholdings branch and 3 wealth management branches), as well as in Germany (1 branch) and Saint-Martin (1 branch).

In order to support its clients' international expansion, BECM is striving to broaden its business reach in Europe.

BECM operates as a well-integrated component of the Group's retail network, so that the bank leverages the Group's financing and deposit activities to meet its customers' needs as comprehensively as possible with real value-added in the area of cash management, financial and social engineering, domestic and international payments processing, interest rate and foreign exchange risk hedging and cross-border client coverage.

With the support of the Group's functional, logistics and production departments, BECM organizes the development of its activities in synergy with the CM-CIC networks based on frameworks for the common or converging business lines and markets.

Despite the uncertain economic and financial environment, BECM continues to strengthen its business franchise through a sustained yet selective effort to win new clients, and has continued its approach of satisfying its clients' financing needs so that they may take advantage of the nascent economic recovery.

Outstanding loans remained steady for much of the year before rising rapidly in the second half of 2010, notably in the corporate market in France and in real estate development. This turnaround enabled BECM to record outstanding loans of €9,331 million in average monthly capital, up 4.3%. Credits authorized but not drawn continued to increase to reach €5.1 billion, or 55% of the credits drawn. Meanwhile, total fund deposits (excluding Group institutions) rose by 12.8% to €6,720 million, reflecting the improved financial situation of companies.

The successful marketing of the Group's value-added services and products enabled the bank to increase its NBI by 4% to €205 million.

Net additions to/reversals from provisions for loan losses fell to 0.24% of outstanding loans. After the €15 million allocation to the FGBR, net income totaled €68.4 million, a nearly 17% increase from the previous year."

BFCM reinvested its dividend in shares in the amount of €19,740,304.

***CM-CIC Covered Bonds SA:** 2010 was favorable for covered bonds issues, and more specifically for those of issuers in the core countries of the euro zone.

CM-CIC Covered Bonds was therefore able to complete four major issues totaling €4.5 billion across the entire yield curve (three, five, seven and 10 years).

International placement diversification is an essential refinancing component. The issues floated in 2010 were subscribed by investors from the following countries: France (43%) - Germany/Switzerland (34%) – Scandinavian countries (11%) – UK (4%) - Benelux countries (3%) – Italy (3%) – Other (2%).

CM-CIC Covered Bonds thus accounted for 30% of the medium- and long-term capital markets funding raised by CM5-CIC Group in 2010, making it a key source of refinancing alongside BFCM's EMTN program.

The French law on Housing Finance Companies (*Société de Financement de l'Habitat - SFH*) was passed on October 22, 2010. CM-CIC Covered Bonds will seek SFH status in 2011 in order to be able to offer this new quality and liquidity standard to its investor base.

CM-CIC Covered Bonds reports its asset coverage ratio monthly. This ratio ensures the solid coverage of issues with home loans. It should be above 1. In 2010, it ranged between 1.12 and 1.27.

Net income totaled €0.2 million, down from €0.4 million in 2009, and was generated mainly from the investment of the company's shareholders' equity. The decline in earnings was therefore mainly due to the drop in interest rates.

***Ventadour Investissement SA**: This company's primary activity consists of acquiring equity interests in other companies. The gross value of investments outside the Crédit Mutuel Group held steady relative to the previous year at €0.7 million. CIC's line was also maintained at €1,060 million, as no transactions occurred in 2010. In 2010, Banque Fédérative subscribed 6,000,000 shares valued at €90 million as part of a capital increase.

***Groupe Sofemo SA**: The company's activity remains focused primarily on installment payments and the development of vendor credit.

Net customer outstanding loans rose from €756 million to €1,054 million in 2010, while net income totaled €14.3 million.

The company's shareholders' equity before appropriation of the prior year's result was €35.5 million.

***CM AKQUISITIONS GmbH**: 2010 represented a major step in the integration of Targobank into the Crédit Mutuel Group.

First, it marked the end of the IT migration process in record time between December 2008 and December 2010. The Group's IT teams now perform the steering and control functions for Targobank's IT systems.

Next, the new name unveiled in February 2010, marks a break with the past practices and positioning of the former shareholder. The bank is now focused on the quality and efficiency of its processes, services and products. It clearly affirms its membership in one of Europe's most solid banking groups.

The communications campaign (television, internet, direct marketing) launched in February 2010 will continue with the same intensity in 2011 in order to firmly establish the new brand in the German banking landscape. After just 10 months of the campaign, the new brand has already achieved significant recognition and is enabling the bank to steadily develop its image.

The improvement in economic indicators, notably the decrease in unemployment, fostered the favorable environment for lowering net additions to/reversals from provisions for loan losses (down €156 million relative to 2009). This reduction made it possible to offset a €21 million decline (1.4%) in net banking income and boost income before tax by €296 million (22%) relative to 2009.

In terms of activity, household consumption, which in 2009 had received a boost from the automobile trade-in premium (*Abwrackprämie*), remained depressed in the first half of 2010 and was insufficient to enable the volume of new credits needed to maintain a stable level of outstandings.

Although the situation improved in the second half (gains in purchasing power, household consumption and the consumer confidence index), it will take several years to bring outstanding loans back to their previous level.

Thus despite the economic recovery, which has led us to raise our credit production targets significantly, Targobank's net banking income is likely to remain essentially stable in 2011. The continuation of the cost reduction program started in 2009 should nevertheless enable us to improve earnings and surpass the €300 million threshold.

***CM-CIC SCPI Gestion SA (N.C)**: This company manages CMI1 and OPI, commercial real estate investment trusts (*Sociétés Civiles de Placement Immobilier*, SCPI) that hold some 50 buildings owned by nearly 2,500 partners

and CM-CIC clients. The management application is based at CIC in Nantes, and the company will generate earnings of nearly €100,000.

***Banque de Luxembourg:** As the skill center in the international private banking field within the CM-CIC Group, Banque de Luxembourg continued to feel the impact of the financial crisis on its earnings.

Activity

The financial crisis had a major impact on the commercial activity in 2009, as the first half was marked by consolidation and the second half showed signs of life; the recovery continued in 2010, with a sharp rise in business activity, as evidenced by the volume of securities purchases/sales, which nearly doubled. The number of customers fell slightly once again, but assets under management increased by 14.2%, mainly for securities. The credit activity also showed signs of improvement, with outstandings up 10.8%.

Earnings (contribution to CIC Est Group's consolidated earnings)

The contribution to net income attributable to equity holders of the parent (after taxes and non-controlling interests) rose by a slight 3.4% to €41.3 million, thereby supporting the turnaround begun in 2009, despite a still challenging environment.

The decrease in NBI is still a direct result of the crisis, with net interest income continuing to contract by 32%. Meanwhile, fee and commission income rebounded thanks to the turnaround in transaction volume and, in particular, the increase in management fees along with income from the depositary banking functions, which rose by a substantial 17% on the year.

General and administrative expenses returned to a normal level, erasing the non-recurring charges related to the IT systems migration in 2009; general and administrative expenses thus contracted by 3.1%.

The decrease in NBI also led to a renewed 4.4% drop in operating income before provisions.

Provision allocations were more than offset by reversals in 2009 and 2010, with net reversals of -€0.3 million and -€8.46 million, respectively.

***CIC Iberbanco (formerly Banco Popular France):** A BFCM subsidiary since the spring of 2008, this institution continued to be integrated into the Group in 2010: the focus was placed on training to bring all employees up to speed in a new working environment and with a new line of products and services.

CIC Iberbanco has a network of 16 retail branches (individuals and professionals) located in Île de France, the Lyon region and southern France (Bordeaux, Midi-Pyrénées and Languedoc Roussillon) as well as four Corporates branches and a Real Estate Development branch.

To support its development and improve its positioning as a “bank open to two worlds,” CIC Iberbanco conducted a major advertising campaign in 2010. Moreover, it maintained close relations with the Banco Popular Español Group, which enabled the establishment of partnerships and targeted products and services.

Net income attributable to equity holders of the parent for the year ended December 31, 2010 totaled €0.484 million.

***Boréal SAS (N.C.):** through Boreal, CM-CIC offers subcontracted services to non-Group financial institutions, investment firms and management companies.

These services, which are based on advanced technology mastered by teams within the Group, are heavily oriented towards “end users” (own-label transactional web site, texting, e-mail, etc.), scalable and adaptable to the clients' needs.

The sluggish economic environment again affected the business volume of our clients in 2010. New clients developed over the past two years are struggling to develop their business volume and for now are making only minor contributions.

As a result, 2010 revenues fell by 8.0% to €2,641 thousand.

Operating expense contracted by 4.6% to €1,764 thousand, such that, despite the decline in revenues, operating income increased by 10.9% to €921 thousand.

Net financial income stabilized at €32 thousand, after several years of declining interest rates.

Net income for 2010 fell by 11.2% to €636 thousand. It will be appropriated to reserves to strengthen shareholders' equity by 6.7% to €6,125 thousand.

It should be noted that an industrial partnership was signed in 2010 with a new institution, but its impact will not be recognized in the financial statements until 2012. Also, other significant and promising contacts suggest that this activity could record strong gains in the years ahead.

For 2011, we foresee stable revenues but a 15.4% decline in earnings, given the level of investment needed to develop the business.

***CM-CIC Lease SA:** In 2010, companies had an even greater financial incentive to use lease financing for their professional real estate as a result of new extraordinary tax breaks aimed at facilitating sale and leaseback transactions. In fact these measures were extended through end-2012.

Thus the new lease financing agreements established by CM-CIC Group for its clients rose by 6.5% to €623 million, and include 281 buildings.

The company continued to develop its structuring policies for the establishment of real estate lease agreements offering the shortest-possible closing deadlines while still ensuring the highest level of service to our clients as regards legal and zoning matters.

Outstanding leases rose by 12.9% to nearly €2.7 billion, of which 75% are for industrial, commercial and warehouse facilities in roughly equal measure.

CM-CIC Lease was thus able to pay out €11.2 million in sundry commissions to the various networks, a 20% increase from the previous year. Net income rose by 10% to €8.8 million, enabled by the decline in general and administrative expenses and provision reversals for risks that are no longer material.

***CM-CIC Asset Management SA:** Despite the deterioration in its business environment, CM-CIC Asset Management, the asset management arm for the Crédit Mutuel-CIC Group, continued its efforts to reorient its product lines towards longer-term products. The emphasis placed on its expertise in the area of long-term bond, flexible and equity funds led to promising results, notably for the equity UCITS.

At end-2010, assets under management totaled €58 billion, spread over 618 funds. CM-CIC AM also acted as an accounting services provider on behalf of 62 management companies covering 273 UCITS.

2010 was marked by net outflows from money market funds. The declining interest in this asset class was in line with the market and largely reflected the re-intermediation policy of banks in order to satisfy new regulatory requirements. In the bonds segment, assets contracted mainly as a result of sovereign debt concerns in Europe. European equity markets trends were marked by contrasts, and except in the case of Germany persistent volatility did not benefit the European stock markets.

Nevertheless, the strict management process implemented by CM-CIC AM helped it to garner several awards. The three “*Trophées du Revenu*” are noteworthy, including the “*Grand Trophée d’Or*” rewarding the overall performance of all funds over 10 years and the two “*Lauriers de Bronze*” handed out by *Investir* magazine.

The commercial activity continued to be rolled out within the branch networks as well as outside the Group. At the branches, a sales application (“*Les Rendez-vous financiers*”) was developed with the CM-CIC Group marketing teams. Its finalization in the course of 2011 should facilitate the financial savings approach and help to win back wealth management clientele. Last year also saw the launch of several formula funds, although it was difficult to renew the large volume of funds reaching maturity. Similarly, net outflows were recorded on profiled funds part of the Stratigestion line offered as quasi mandates. In a challenging environment, some funds benefited from tremendous enthusiasm, notably “CM-CIC Or et Mat” and “CM-CIC Pays Emergents”.

In the non-Group area, the emphasis was on private banks and outside investors who now recognize our expertise, as evidenced by the considerable attendance at sponsored events.

Revenues totaled €272.2 million and net income was €6.7 million.

***Carmen Holding Investissement SA:** This company was created to organize the joint venture with 3 Suisses International Group as part of the acquisition of a controlling interest in Cofidis Group. This entity, which is 66%-owned by BFCM, has no operating activity. All financial transactions resulted from agreements related to the acquisition of Cofidis and in particular the payment of the purchase price. The corresponding subscription of the capital increase totaled €656,488,740.

Insurance sector

***Groupe des Assurances du Crédit Mutuel – GACM – SA:** The CM5-CIC Group’s insurance activities have been developed through the subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM).

2010 was a record year for GACM, as consolidated insurance revenues exceeded the €9 billion threshold for the first time. Net income based on IFRS rose by 51% to €690.4 million, also a new high.

This result was favorably affected by the 10% “exit tax” on the “réserve de capitalisation” (French insurance company reserves included in shareholders’ equity) introduced by the 2010 French budget. This tax made it possible to generate a deferred tax expense in the consolidated financial statements (IFRS had previously imposed a 34% tax rate on this reserve), which resulted in non-recurring income of around €120 million.

As regards underwriting income, results were once again affected by major weather events (Xynthia windstorm, flooding in the Var, hailstorms) in 2010, which exacerbated real estate and casualty insurance losses.

The pension reforms and reductions in the discount rate affected underwriting income on personal insurance, which nevertheless remains at a satisfactory level.

The loss ratio remains healthy and income was also supported by the substantial increase in business volume. Consolidated insurance revenues rose by more than 14% to €9,204 million, compared with only 3.8% growth for the market overall.

In line with the 2009 trend, revenues from life insurance and savings products similar to life insurance (*contrats de capitalisation*) jumped by 18.4%, driven mainly by the success of the *Plan Assurance Vie* product, which accounted for nearly 40% of the intake. Meanwhile, in the overall market life insurance revenues for bankinsurance companies rose by 8%, while those of insurance agencies recorded a slight 1% decline.

The renewed growth in the automobile insurance segment (2.8%) and the favorable rate environment for real estate investments (+8% for borrowers' insurance) enabled a 5.5% increase in non-life insurance revenues.

Consistent with the CM-CIC Group's international diversification strategy, GACM generated more than 5% of its revenues abroad in 2010.

Over the past 10 years, GACM has increased its shareholders' equity by 11.8% to €6.6 billion and is well positioned to satisfy the new Solvency II requirements.

In 2010, BFCM reinvested the dividend it received (€58,394,774) in shares.

IT Sector

***Euro-Information SAS:** The company recorded net income of €70.84 million last year on revenues in line with the forecast. Banque Fédérative du Crédit Mutuel owns 13.83% of its capital.

Real estate sector

***CM-CIC Participations Immobilières SA (N.C):** Working alongside real estate developers by participating in financing rounds of French real estate companies (SCI) and financing residential real estate programs throughout France, CM-CIC Participations Immobilières represented the Group in seven new transactions in 2010. The company invested €2 million in equity capital in these transactions, which represented sales of €92 million and involved 500 housing units. Net income totaled €1.3 million.

***CM-CIC Aménagement Foncier SA (N.C):** This company, which also goes under the name CM-CIC Sarest, provides real estate developers and individuals with building sites. In 2010, the company sold 272 building lots and generated revenues of €21,080 thousand, thereby reversing the previous year's downturn when only 149 lots were sold. At end-2010, 221 out of a total 1,036 lots remain to be sold. Net income for the year was €1,200 thousand.

***CM-CIC Agence Immobilière SAS (N.C):** A brokerage company in the new housing sales sector, CM-CIC Afedim is developing its business activity in the context of the Hoguet law and in common on behalf of the Crédit Mutuel, CIC and private bank networks. This arm of the Group targets investors and first-time home buyers. The real estate programs being marketed have been previously authorized by a committee composed of representatives from the commitments, wealth management and sales networks. In 2010, some 5,446 lots were optioned for a total of €972 million. These options should generate €45.7 million in commissions and €42 million in retroceded fees to the network.

***CM-CIC Réalisations Immobilières SAS (N.C):** This company, whose trade name is CM-CIC Sofedim, provided such services for the CM-CIC Group as arbitrage, project management on renovation work and various support tasks. By integrating the income from joint real estate development transactions in the form of SCIs, after-tax net income for the year increased to €450 thousand.

***CM-CIC Foncière SNC (N.C):** This company, 60%-owned by BFCM and 40% by CIC, was created in order to structure and organize construction and expansion work for the CM-CIC Group's training centers located in Bischenberg and Verrières-le-Buisson in the Paris region.

At Bischenberg, after the construction of a new restaurant and new hotel in 2009, the old hotel was renovated in 2010. It entered into service on November 15, 2010 at the same time as the new administrative buildings. A total of €4,759,000 in work and equipment was capitalized, and annual depreciation amounted to €917,800.

At the Verrières-le-Buisson site, the main structural work and a portion of the interior and exterior work were completed during the year.

Two projects initially slated to be financed through bank loans were instead funded by successive calls on partners' current accounts. These calls totaled €62,058,000 at December 31, 2010.

In 2010, the company posted a net loss of €1,488,500.

Communications sector

***Société Civile de Gestion des Parts du Crédit Mutuel dans le journal "l'Alsace"**: The 3.11% equity interest in *Journal l'Alsace* is carried on the statement of financial position for €1.6 million.

***Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace" SAS**: The main activities of Alsace Médias involve the regional daily press, with publications *L'Alsace* and *Le Pays*, such feature publications as *Journal des Enfants* and regional magazines and free classified ad papers. In 2010, consolidated revenues totaled €82 million, with an operating loss of €6.5 million.

***Devestmédia SAS (N.C)**: This company owns a non-controlling interest in the Espace Group, a holding company for local radio stations.

***Ebra SAS**: Subscription of 4,000,000 shares for €40,000,000 as part of the capital increase by the Progrès de Lyon Group. This holding company controlled by BFCM has controlling interests in newspaper publishing companies and their subsidiaries.

***Républicain Lorrain Group**: Wholly owned by BFCM, this holding company owns the eponymous newspaper publishing company as well as several other companies.

***France Est SAS**: This company, which is 80% owned by BFCM, also owns a non-controlling interest in Est Républicain. It has no operating activities.

Services and other (N.C)

***Réma Snc**: In 2010, this subsidiary specializing in equipment resales increased its revenues by 19% from €12.5 million to €14.9 million. Net income rose by 78% to €102 thousand.

***Bischenberg SA**: Revenues increased by €100 thousand to €3,300 thousand. After taking increased expenses into account, however, the company recorded a net loss of €227 thousand. The final renovation and expansion work will be completed in late 2011.

***CM-CIC SALP SAS**: The Group participated in this subsidiary's capital increase in the amount of €1,463,000. The company develops personal services.

***Sofédis SA**: Revenues increased in 2010 to €53.4 million, with net income of €2.4 million.

***Devest 6 SA**: The Group participated in this company's capital increase by subscribing €877,950. The company provides business aircraft management services through an industrial partnership.

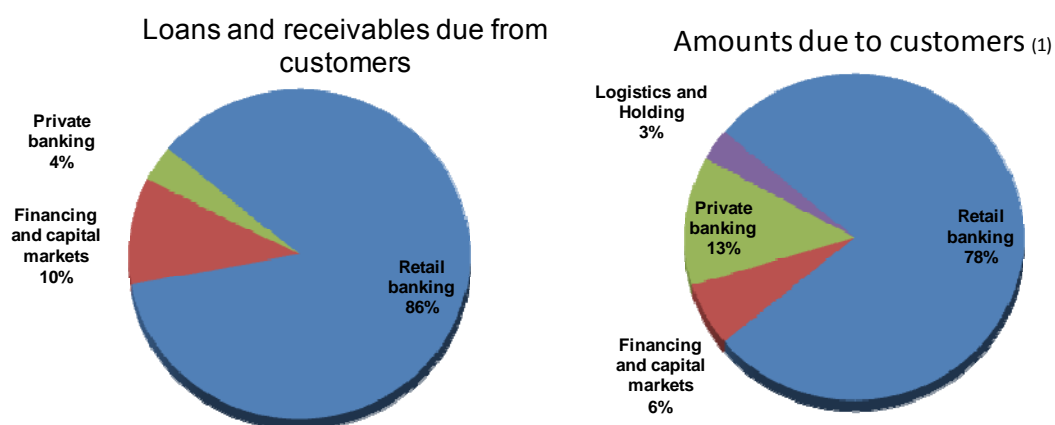
2.3 Activities – BFCM Group

The subsidiaries making up the BFCM Group's consolidated scope are presented by sector in accordance with IAS 14.

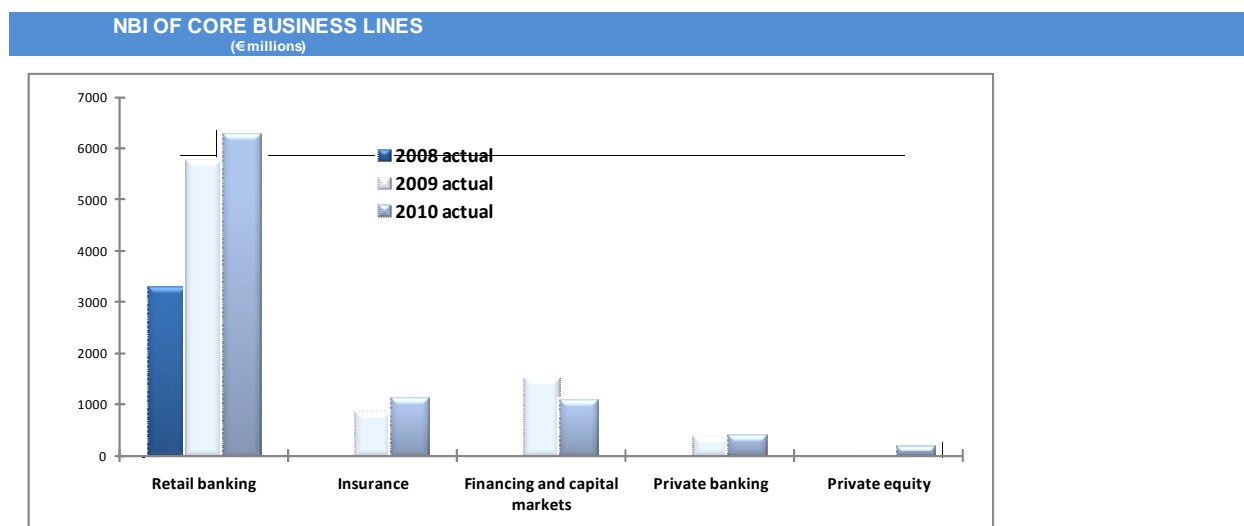
Description of business divisions

The activities selected reflect the organization of the BFCM Group. See Note 3 in the Notes to the consolidated financial statements on page 146, which presents the various sector groups chosen.

For the consolidated BFCM Group, the sector presentation of the activities and business lines is presented below.



(1) SFEF issues are not recognized in amounts due to customers



Source: Consolidated financial statements

- **Retail banking**, the core business of the BFCM Group, comprises:
The BECM network, the network of CIC regional banks and that of CIC in Ile-de-France, the CIC Iberbanco branches, the Targobank Germany network, the Cofidis Group, the Banco Popular Hipotecario (BPH) network and all specialized activities for which the branch network handles product marketing:

consumer credit, equipment leasing and leasing with purchase option, real estate leasing, installment vendor credit, factoring, fund management, employee savings, real estate.

- **Insurance**, with Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries, whose product marketing is performed by the network. The GACM companies do business in life and non-life insurance, insurance brokerage, reinsurance, remote surveillance and automobile maintenance financial cover.
- **Corporate banking and capital markets** comprises two activities:
 - The financing of large corporates and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and foreign branches; the capital markets activities of BFCM and CIC are consolidated under one roof, “CM-CIC Marchés,” with a single management team. The capital markets activities are organized into three business lines: refinancing, commercial and proprietary trading. Transactions executed at two sites (Paris, Strasbourg) are recorded on the statement of financial position of:
 - * BFCM for the Refinancing business
 - * CIC for the Commercial and Proprietary Trading business.
- **Private banking** consists of all companies whose main purpose is private banking, both in France (CIC Banque Transatlantique, Dubly-Douilhet SA) and abroad (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private banking-Banque Pasche, Banque Transatlantique Belgium, Banque Transatlantique Londres).
- **Private equity**, a proprietary activity, is a major earnings contributor. At January 1, 2011, the entities performing this activity (CIC Finance, CIC Investissement, CIC Banque de Vizille et IPO) were consolidated within the CM-CIC Capital Finance division.
- **The “Logistics, holding and other” division** combines all other business activities not allocated to another business division as well as purely logistical entities: intermediary holding companies, operating properties integrated within specific companies, media.

Earnings by Business Activity

The earnings of the consolidated entities are allocated entirely to their main activity on the basis of their contributions to the consolidated financial statements.

Only two companies are exceptions to this rule, CIC and BFCM, given that they are present in several activities.

In those cases, their earnings and statement of financial position items are allocated to the various business activities on the basis of management accounts.

The statement of financial position and income statement segment reporting by activity and region appear in the Notes to the Consolidated Financial Statements – Note 2, page144 – for the year ending December 31, 2010.

Chapter III

CORPORATE GOVERNANCE

3.1 Membership of the Board of Directors

The legal provisions related to the composition of the Board of Directors and mandates of its members are presented in section 3.2.

At the Ordinary Shareholders' Meeting of May 12, 2010, the mandates of Marie-Paule Blaise, Gérard Cormoreche, Michel Lucas and Jean-Paul Martin were renewed for a period of three years.

Similarly, the report required under Article L225-37 of the French Commercial Code on the Board's organization and functioning as well as the internal control and risk management procedures appears on page 35.

The Board of Directors meeting that followed the Shareholders' General Meeting renewed the Chief Executive Officer mandate of Michel Lucas.

The Board of Directors meeting of October 22, 2010 duly noted the decision of Etienne Pflimlin to step down as a member and Chairman of the Board of Directors. At this same meeting, Michel Lucas, the Chief Executive Officer, was appointed Chairman of the Board.

As a result of this appointment and pursuant to Article L225-51-1 of the French Commercial Code, the Board of Directors meeting of October 22 decided to amend the execution method for executive management, which is the responsibility of Michel Lucas in his capacity as the Chairman of the Board of Banque Fédérative du Crédit Mutuel.

The Board of Directors meeting of December 17, 2010 – following the October elections in the Districts – duly noted the end of the Board terms for Marie-Paule Blaise and Pierre Neu.

The Board appointed Etienne Grad and Fernand Lutz to replace them.

□ Summary table of the membership of the Board of Directors

Director's name	Position	Date of initial appointment	Expiry of current mandate	Representative
Michel Lucas	Chairman and CEO	09/29/1992	05/11/2011	Jean Pierre Schneider
Jacques Humbert	Vice Chairman	12/13/2002	12/31/2011	
Jean-Louis Boisson	Director	12/17/1999	12/31/2011	
Gérard Bontoux	Director	05/06/2009	12/31/2011	
CFCM Maine Anjou et Basse Normandie	Director	07/04/2008	12/31/2011	
Maurice Corgini	Director	06/22/1995	12/31/2011	
Gérard Cormoreche	Director	05/16/2001	12/31/2012	
Roger Danguel	Director	12/13/2002	12/31/2010	
Jean-Louis Girodot	Director	05/22/2002	12/31/2010	
Etienne Grad	Director	12/17/2010	12/31/2012	
Robert Laval	Director	12/16/1993	12/31/2011	
Fernand Lutz	Director	12/17/2010	12/31/2010	
Jean Paul Martin	Director	12/13/2002	12/31/2012	
Gerard Oliger	Director	12/15/2006	12/31/2010	
Albert Peccoux	Director	05/03/2006	12/31/2011	
Alain Tetedoie	Director	10/27/2006	12/31/2011	

Non-voting directors: Yves Blanc, Michel Bokarius, Gérard Chappuis, Daniel Schlesinger

3.2 Information regarding the members of the Board of Directors

3.2.1 List of mandates and functions exercised in 2010 (Article L 225-102-1 of the French Commercial Code)

Michel Lucas, Chairman and Chief Executive Officer

Born May 4, 1939 in Lorient (56)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman and Chief Executive Officer: Carmen Holding Investissement

Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel - Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel Iard SA – Assurances du Crédit Mutuel Vie SFM – Banque du Crédit Mutuel Ile-de-France – Banco Popular Hipotecario – International Information Developments – Direct Phone Services – Républicain Lorrain

Chairman: Crédit Mutuel Cartes de Paiements – Europay France

President of the Executive Board: Crédit Industriel et Commercial

Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Euro Information Production - Targo Deutschland GmbH - Targo Management AG - Targobank AG - Cofidis - Cofidis Participations – CM-CIC Capital Finance - Fonds de Garantie des Dépôts

Vice Chairman of the Supervisory Board: CIC Iberbanco – Banque de Luxembourg - Safran

Member of the Board of Directors: ACMN Iard – ASTREE – Assurances Générales des Caisses Desjardins – Banque de Tunisie – Banque Marocaine du Commerce Extérieur - CIC Banque Transatlantique – Banque Transatlantique Belgium – CRCM Midi-Atlantique - Caisse de Crédit Mutuel “Grand Cronembourg” - Crédit Mutuel Paiements Electroniques – CIC Lyonnaise de Banque – SOFEDIS

Member of the Supervisory Board: CM-CIC Asset Management – Manufacture Beauville – CM-CIC Services

Member of the Management Committee: Euro-Information – Euro-Information Développement – EBRA

Jacques Humbert, Vice-Chairman of the Board of Directors

Born July 7, 1942 in Patay (45)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit mutuel du District de Mulhouse

Chairman of the Board of Directors: Caisse de Crédit Mutuel la Doller

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel – Société Française d'Édition de Journaux et d'Imprimés Commerciaux “l'Alsace”

Permanent representative of ADEPI on the Board of Directors of GACM

Jean-Louis Boisson, Member of the Board of Directors

Born August 2, 1948 in Bourg en Bresse (01)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Bourgogne Champagne

Chairman of the Board of Directors: Caisse de Crédit Mutuel de Montbard Venarey

Vice Chairman of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Vice Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel

Member of the Supervisory Board: Euro Information Production – Banco Popular Hipotecario.

Gérard Bontoux, Member of the Board of Directors

Born March 7, 1950 in Toulouse (31)

Professional address

Crédit Mutuel Midi-Atlantique

6, rue de la Tuilerie – 31112 Balma Cedex

Other duties and functions:

Chairman: Fédération du Crédit Mutuel Midi-Atlantique – Caisse Régionale du Crédit Mutuel Midi-Atlantique

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel – Caisse de Crédit Mutuel Toulouse St Cyprien

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Crédit Industriel et Commercial

Permanent representative of CRCM Midi-Atlantique on the Board of Directors of *GACM*, and of **Marsovalor** on the Board of Directors of *CIC Sud-Ouest*

Maurice Corgini, Member of the Board of Directors

Born September 27, 1942 in Baume-les-Dames (25)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Besançon

Chairman of the Board of Directors: Caisse de Crédit Mutuel Baume-Valdahon-Rougemont

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Caisse Agricole Crédit Mutuel

Member of the Supervisory Board: Crédit Industriel et Commercial

Co-Managing Partner: Cogithommes Franche-Comté

Gérard Cormoreche, Member of the Board of Directors

Born July 3, 1957 in Lyon (69)

Professional address

Crédit Mutuel du Sud-Est

8-10 rue Rhin et Danube – 69266 Lyon Cedex 09

Other duties and functions:

Chairman: Fédération du Crédit Mutuel du Sud-Est – Caisse de Crédit Mutuel du Sud-Est – Cecamuse

Chairman of the Board of Directors: Caisse de Crédit Mutuel Neuville-sur-Saône – Caisse Agricole Crédit Mutuel

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel Centre Est Europe – Société des Agriculteurs de France – Cautionnement Mutuel de l'Habitat (CMH) - MTRL

Vice-Chairman of the Supervisory Board: Crédit Industriel et Commercial – CMAR (Crédit Mutuel Agricole et Rural)

Managing Partner: Scea Cormoreche Jean-Gérard – Sàrl Cormoreche

Permanent representative of CCM Sud-Est on the Board of Directors of *ACM Vie SFM*

Roger Danguel, Member of the Board of Directors

Born August 3, 1946 in Sélestat (67)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Sélestat

Chairman of the Board of Directors: Caisse de Crédit Mutuel de Sélestat-Scherwiller

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Confédération Nationale du Crédit Mutuel

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Editions Coprur

Permanent Representative of Banque Fédérative du Crédit Mutuel to the Board of Directors of *Caisse Centrale du Crédit Mutuel*

Jean-Louis Girodot, Member of the Board of Directors

Born February 10, 1944 in Saintes (17)

Professional address

Crédit Mutuel Île-de France

18, rue de la Rochefoucault 75439 Paris Cedex 09

Other duties and functions:

Chairman of the Board of Directors: Caisse de Crédit Mutuel de Paris Montmartre Grands Boulevards – also of several Caisses of Crédit Mutuel during their start-up phase

Chairman: Fédération des Caisses de Crédit Mutuel d'Ile-de-France - Caisse Régionale du Crédit Mutuel d'Ile-de-France - SAS Coopérative d'Edition de la Lettre de l'Economie Sociale (CODLES) – Comité Régional pour l'Information Economique et Sociale (CRIES)

Vice Chairman: Chambre Régionale de l'Economie Sociale et Solidaire d'Ile-de-France (CRESS) - AUDIENS – Fédération Nationale de la Presse spécialisée (FNPS)

Member of the Office: Conseil Economique et Social d'Ile-de-France

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel - Caisse Fédérale de Crédit Mutuel – Coopérative d'information et d'Edition Mutualiste - MEDIAFOR – PEMEP - CIEM

Member of the Supervisory Board: Crédit Industriel et Commercial – Euro Information Production

Member: APRIONIS Group

Permanent Representative of Caisse Régionale du Crédit Mutuel Ile-de-France on the Board of Directors of *ACM Vie SFM* – on the *Commission Paritaire des Publications et Agences de Presse* – to the *Conférence Nationale des CRES*

Etienne Grad, Member of the Board of Directors

Born December 26, 1952 in Illkirch Graffenstaden (67)

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg

Chairman of the Board of Directors: Caisse de Crédit Mutuel Cours de l'Andlau

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Robert Laval, Member of the Board of Directors

Born May 20, 1949 in Saint Quirin (57)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Sarrebourg

Chairman of the Board of Directors: Caisse de Crédit Mutuel Sarrebourg et Environs

Member of Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique

Permanent representative of CCM Sarrebourg et Environs Managing partner of *SCI Crédit Mutuel Les Cordeliers*

General Manager: “Sainte Véronique” retirement home; “la Charmille” retirement home

Fernand Lutz, Member of the Board of Directors

Born September 16, 1947 in Haguenau (67)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel de Haguenau

Chairman of the Board of Directors: Caisse de Crédit Mutuel Les Vallons

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Jean-Paul Martin, Member of the Board of Directors

Born October 21, 1939 in Metz (57)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Metz

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe - CME 57

Member of the Supervisory Board: Targo Deutschland GmbH – Targo Management AG – Targobank AG

Gérard Oliger, Member of the Board of Directors

Born July 7, 1951 in Bitche (57)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel du District de Sarreguemines

Chairman of the Board of Directors: Caisse de Crédit Mutuel Emile Gentil (Volmunster)

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Albert Peccoux, Member of the Board of Directors

Born November 2, 1939 in St Martin Bellevue (74)

Professional address

Crédit Mutuel Savoie-Mont Blanc

96, avenue de Genève BP56 74054 Annecy Cedex

Other duties and functions:

Chairman: Fédération du Crédit Mutuel Savoie-Mont Blanc – Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel - Caisse de Crédit Mutuel d'Annecy-les-Fins

Member of the Supervisory Board: Crédit Industriel et Commercial

Permanent Representative of CRCM Savoie-Mont Blanc to the Board of Directors of *ACM VIE SFM*

Jean-Pierre Schneider, permanent representative of **CFCM Maine-Anjou et Basse-Normandie**, Member of the Board of Directors

Born July 3, 1943 in Place (53)

Professional address

Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse Normandie

43 boulevard Volnay 53000 Laval

Other functions exercised by Jean-Pierre Schneider

Chairman of the Board of Directors: SAS Volney Département

Member of the Board of Directors: Assurances du Crédit Mutuel Vie Société d'Assurance Mutuel – K-Mayenne

Member of the Supervisory Board: Haption

Permanent representative of Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie to the Board of Directors of **Ocean Participations SAS** – of **Assurances du Crédit Mutuel Iard SA** – and of **Sérénis Vie**

Other functions exercised by Caisse Fédérale de Crédit Mutuel Maine-Anjou, Basse-Normandie

Chairman of the Board of Directors: SAS Assurances du Crédit Mutuel Maine-Anjou-Normandie (ACMAN)

Member of the Board of Directors: Caisse Centrale du Crédit Mutuel – Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Iard SA – Crédit Mutuel Paiements Electroniques – CM-CIC Epargne Salariale – CM-CIC Bail – SAS Volney Développement – SAS Océan Participations – GIE Cloe Services – Mayenne Logis (CIL 53 Group) – Logis Familial Mayennais (CIL 53 Group)

Member of the Supervisory Board: Soderec – CM-CIC Asset Management

Member of the Management Committee: Euro Information – SIBE Participation

Managing Partner: SIDEL Snc

Alain Tetedois, Member of the Board of Directors

Born May 16, 1964 in Loroux Bottereau (44)

Professional address

Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest

46 rue du Port Boyer BP 92636 – 44236 Nantes Cedex 3

Other duties and functions:

Chairman: Fitega – Fiterra

Chief Executive Officer: Nanteurop

Chairman of the Board of Directors: Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest – Caisse Fédérale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Vice-Chairman of the Board of Directors: Caisse de Crédit Mutuel de Saint Julien de Concelles

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Ataraxia

Chairman of the Supervisory Board: Pfalzeurop GmbH – CM-CIC Services

Member of the Supervisory Board: Crédit Industriel et Commercial – Suravenir

Permanent representative of Fédération du Crédit Mutuel LACO to the Chairman of *Investlaco* – **of Caisse Fédérale de Crédit Mutuel LACO** to the Board of Directors of *GACM*, **of Atlancourtage Entreprise** – **of EFSA** to the Board of Directors of Banque *CIC-OUEST* – **of Ufigestion 2** to the Board of Directors of *CM-CIC Bail*.

3.2.2 Remuneration of officers and directors

(Information on remuneration of officers and directors in accordance with the recommendations of the French Financial Markets Authority (AMF) and French Commercial Code).

Guidelines

The Crédit Mutuel Group signed a framework agreement with the French government on various refinancing measures for credit institutions. In that context, the Group has made several commitments in the areas of the development of credits as well as the rules, remuneration and commitments for company officers and directors. The decisions taken by the Board of Directors at its meeting on December 19, 2008 were brought to the attention of the statutory auditors. At its meeting of December 18, 2009, the Board also adopted the recommendations related to professional standards for remuneration policies aimed at financial market professionals.

Implementation

Consistent with the regulatory changes (CRBF Regulation 97-02) and compliance with professional recommendations, the Group's deliberative bodies, and in particular the Board of Directors of BFCM, made commitments in the area of remuneration for financial market professionals as well as remuneration for company officers and directors.

These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site.

Remuneration received by the BFCM Group officers and directors in 2010 includes a portion related to their activities at Crédit Mutuel and CIC.

For each of these activities, remuneration includes a fixed and a variable portion. Remuneration is listed in the table below.

This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsibility. The variable portion is determined on a discretionary and lump sum basis.

During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

The Group's officers and directors did not receive any other specific benefits.

They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies or companies outside the Group but on whose board they sit as a result of their functions within the Group.

The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees.

Fixed and variable remuneration paid to BFCM officers and directors in 2010

Amount € (a)

Name and Last name <i>Function</i>	Origin	Fixed portion	Variable portion (b)	In-kind benefits (c)	Employer contributions for supplementary benefits	2010 Total	2009 Total
Etienne Pflimlin <i>Chairman of the Board of Directors BFCM</i>	Crédit Mutuel	620,000	0	3,650	6,491	630,141	756,099
Michel Lucas <i>Chief Executive Officer BFCM</i>	Crédit Mutuel	550,000	0	5,298	5,481	560,779	563,017
<i>Chairman of the Executive Board</i>	CIC	550,000			2,416	552,416	552,216

(a) these amounts are the gross amounts paid out by the company corresponding to payments made during the year

(b) for BFCM, the variable portion is determined by the remuneration committee; for CIC, it is determined by the Supervisory Board meeting following the Shareholders' General Meeting held to approve the financial

statements for the year during which it was earned. The variable portion paid out in a given year therefore relates to the previous year

(c) business vehicles exclusively

Moreover, following the changes in the company and board mandates and liquidation of retirement benefits for Michel Lucas and Etienne Pflimlin in 2010, the Board of Directors meeting of October 22, 2010 determined that the criteria and conditions for the payment of indemnities approved by the Board of Directors meeting of December 19, 2008 had been satisfied. As a result, the Board of Directors meeting of October 22, 2010 authorized the payout of the stipulated indemnities, namely €815,452 to Etienne Pflimlin and €1,376,146 to Michel Lucas.

3.2.3 Independent directors

Although it is unlisted, BFCM is part of a decentralized Group whose directors are eligible to be members of the Board of Directors as a result of their own elected status.

The mechanism works as follows. Each Caisse of Crédit Mutuel (CCM) elects the members of its Board of Directors at the respective Shareholders' Meetings (which include all share-owning members). From among these members, the Caisses elect their representative to the District, a body that jointly represents a group of CCMs; the Chairman of the District becomes a full member of the Board of Directors of the federation, the policy body for a given group of CCMs. This quality enables them to become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary BFCM.

This bottom-up election method starting with the CCMs gives the BFCM director a legitimacy and independence that is the equivalent of an independent director at a listed company.

Indeed, there are no financial ties or conflicts of interest between the voluntary board mandates exercised at the CCM, the District and BFCM.

This legitimacy, which springs from internal elective methods, is renewed each four years with the District election. Any time a director loses a board mandate as the Chairman of a District, the person's board mandate at BFCM also ends, even if it has not expired.

This mechanism applies to nine members of the BFCM Board of Directors, or 53% of the total.

3.2.4 Conflicts of interest at the level of the administrative, management and supervisory bodies

To BFCM's knowledge, the members of the Board of Directors and the Chief Executive Officer have no potential conflicts of interest between their duties towards BFCM and their private interests.

3.3 Report on the Board of Director's operations and internal control procedures

(Pursuant to Article 117 of the French Financial Security Act (Loi de Sécurité Financière) and Article L 225-37 of the French Commercial Code)

The provisions of Article L 225-37 of the French Commercial Code specify that the Chairman of the Board of Directors must present a separate report – which is submitted along with the Annual Report – on the composition of the Board, the conditions under which it prepares and organizes its work and internal control and risk management procedures implemented by the company, as well as any limitations placed by the Board of Directors on the authority of the Chief Executive Officer.

A. PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

Composition of the Board

The Board of Directors of Banque Fédérative du Crédit Mutuel currently consists of 17 members appointed by the Shareholders' General Meeting for three years and 5 non-voting members also appointed for three years by the Board in accordance with article 20 of the company's by-laws.

The list of directors and a description of their functions exercised at other companies is presented in the appendix, in accordance with legal requirements.

The Board includes representatives from partner Groups (Ile-de-France, Savoie-Mont Blanc, Sud-Est and Midi-Atlantique) as well as representatives of associated Groups (Loire-Atlantique Centre Ouest, Maine-Anjou Basse-Normandie, Normandie and Centre).

Two employees have seats on the Board of Directors on behalf of the interfederal Works Council.

There are no attendance fees or stock options.

Operation of the Board. Executive Management operating methods

Pursuant to the provisions of Article L 225-51-1 of the French Commercial Code, the Board chose a single-board governance system for Executive Management at its October 22, 2010 meeting.

Michel Lucas, the Chairman of the Board, also exercises the Executive Management function. In that capacity, he organizes and directs the work of the Board. He represents the company to third parties. In that context, he has the broadest authority to act on behalf of the company.

There are no internal rules formalizing the operating rules of the Board, which is subject to legal provisions.

Individually, directors are required in their capacity as elected representatives to comply with the code of ethics applicable within the Group and uphold their duty to use discretion and maintain confidentiality on all matters related to the company's business purpose.

In 2010, the Board met six times. The average attendance rate was 75%.

Prior to each Board meeting, a comprehensive file on the agenda items is mailed to all directors, non-voting directors and Works Council representatives.

At each Board meeting, the managers responsible for activities involving one or more agenda items are invited to present them, offer comments or answer any questions.

The minutes of the Board meetings are presented to the directors for their approval.

All Board meetings represent an opportunity to review the results and outlook of our business activities.

The February 25, 2010 Board meeting focused on the review and approval of the financial statements as well as the preparations for the Ordinary Shareholders' Meeting that was held on May 12, 2010. The Board was informed of the February 22, 2010 Report of the Group Audit and Financial Statements Committee, as well as the new framework of CRBF Regulation 97-02 related to internal control for credit institutions and investment firms.

This new framework foresees the requirement to establish a Remuneration Committee and determines its responsibilities.

As it does at each meeting, the Board reviewed the Group's financial activities performance indicators (refinancing, credits, proprietary trading).

Following the Shareholders' Meeting, the Board met on May 12, 2010 to appoint Michel Lucas as the company's Chief Executive Officer.

Meeting on July 2, 2010, the Board was duly informed of the April 30, 2010 Report of the Audit and Financial Statements Committee, the March 1, 2010 Report of the CM5-CIC Group Risk Monitoring Committee and annual reports on internal control and the control of investment services.

The Board approved the internal rules of the Remuneration Committee, which are consistent with the provisions of CRBF Regulation 97-02.

The Board also analyzed the accounting situation, changes in the budget, projected results and financial activities performance indicators.

The July 29, 2010 meeting focused on the interim parent company and consolidated financial statements as of June 30, 2010. The CM5-CIC consolidated financial statements in accordance with IFRS were also presented.

The fifth meeting of the Board of Directors was held on October 22, 2010.

The Board took note of the decision by Chairman Etienne Pflimlin to end his term as a director and Chairman of the Board. After amending the Board's operating method, Michel Lucas, a director and the Chief Executive Officer, was appointed Chairman of the Board.

Etienne Pflimlin was also named Chairman Emeritus. All of the topics that had been discussed in June were reviewed and updated. The Board was informed of the latest developments with respect to the partnerships with Crédit Mutuel du Centre, Crédit Mutuel Dauphiné-Vivaraix, Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel Méditerranéen and Crédit Mutuel Normandie as well as plans to amend the BFCM by-laws accordingly.

The last meeting was held on December 17, 2010.

Following the October 2010 District elections, the Board appointed Etienne Grad (to replace Marie-Paule Blaise) and Fernand Lutz (to replace Pierre Neu) as Board members.

The Board was informed of the work of the CM5-CIC Group Risk Management Committee as of June 30, 2010. It reviewed the financial statements through end-November, thereby providing initial guidance as to the results for the year.

The Board was also brought up to date on the changes in the budget and preparations for the 2011 budget.

All Board meetings addressed items involving subsidiaries and other long-term investments, intra-Group financial relations, credit decisions made by the Credit Committee and, where applicable, the affiliation of new local Caisses.

The length of the meetings depends on the number of agenda items and nature of subjects up for consideration.

The number of meetings may vary from one year to the next depending on circumstances; in recent years, the Board has met at least four times.

Written communications may be used in cases of emergency. The decisions taken under those circumstances are reiterated at the following Board meeting.

B. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

BFCM's internal control and risk management are integrated into the overall internal control system implemented by the CM5¹-CIC Group as described below.

The work undertaken in the area of internal control and risk management is aimed at ensuring the application of all rules set by the regulatory authorities for the exercise of the Group's activities, based on internal policies as well as applications, guidelines and procedures implemented for that purpose. This report was therefore drafted with the

¹ Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi Atlantique

assistance of the departments responsible for internal control and risk management by performing the required due diligence for its preparation and, where necessary, referring to the reference framework and application handbook recommended by the French Financial Markets Authority.

1. The CM5-CIC Group's overall internal control system

The internal control and risk management system is an integral part of the Group's central organization, charged with the responsibility of ensuring compliance with regulatory measures, proper risk management, securing transactions and improving performance.

1.1 A common, structured and independent system

The Group ensures that the system implemented is adapted to its size, operations and the scale of its risk exposure.

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

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

The organization implemented serves mainly to verify the quality and comprehensiveness of the internal control system. The Group ensures for both itself and the companies it controls that the established system is based on a set of procedures and operational limits consistent with regulatory requirements and approved standards. To that end, it relies on the methods and applications defined at Group level as well as on generally accepted practices in the area of internal audit and control.

One constant objective that guides the actions of all Group internal control departments consists of identifying the main risks based on guidelines and mapping and monitoring them with appropriate limits, formalized procedures and dedicated applications. In addition to their efforts aimed at identifying and minimizing risks, these departments also participate in the initiatives designed to enhance risk management. Meanwhile, the analytical applications and monitoring reports make it possible to review on a regular basis the Group's risk exposure related to its activities, including counterparty, market, liquidity, ALM and operational risks. In accordance with regulatory provisions, a risk assessment and monitoring report is prepared annually along with the internal control report. This risk assessment and monitoring report includes an in-depth review of the risk management system.

The Group continuously strives to ensure a satisfactory balance between the objectives assigned to internal control and the corresponding resources provided.

The necessary independence for controls is guaranteed by the fact that the people exercising them work in dedicated control units, have no operational responsibilities and have reporting responsibilities within the organization that preserve their freedom of judgment and assessment.

1.2. The organization of controls

The CM5-CIC Group's control system satisfies a dual objective:

- break down the various types of existing control among separate functions (periodic, permanent and compliance), in accordance with regulatory provisions;
- harmonize the control work performed within the Group through the establishment of a common organization based on homogeneous and complementary methods and applications.

A breakdown by types of control

Apart from the controls exercised by management personnel in the course of their day to day activities, the exercise of controls is the responsibility of:

- periodic control for in-depth assignments of an audit nature, performed as part of a control cycle over several years;
- permanent controls for all work of a recurring nature performed with remote control applications;

- compliance control, in particular for all matters related to the application of regulatory measures and internal policies (*fight against money-laundering, control over investment services, regulatory watch, ethics, etc.*).

Periodic control is responsible for ensuring the overall quality of the entire internal control system and the effectiveness of risk management and monitoring as well as the smooth operation of permanent controls and compliance.

A breakdown by network / business line

Within the control networks, the tasks are divided into one branch for the retail bank networks (*Crédit Mutuel regional federations, CIC regional banks, foreign branch networks*) and one for the business lines (*specialized subsidiaries, large accounts, capital markets activities, asset management, financial services and payments, etc.*). For each of these control branches, a manager is appointed who exercises his functions at the CM5-CIC Group level.

A common support division for the various types of control

This division dedicated to control functions is charged with:

- developing and upgrading the applications needed for effective control;
- ensuring the development of the required reporting applications to monitor transactions and control audits, as well as to inform management bodies at the central and local (regions and subsidiaries) levels,
- ensuring the complementarity of control applications among the various control functions for optimal coverage of the Group's risks.

The support division receives substantial support from the Group's IT resources.

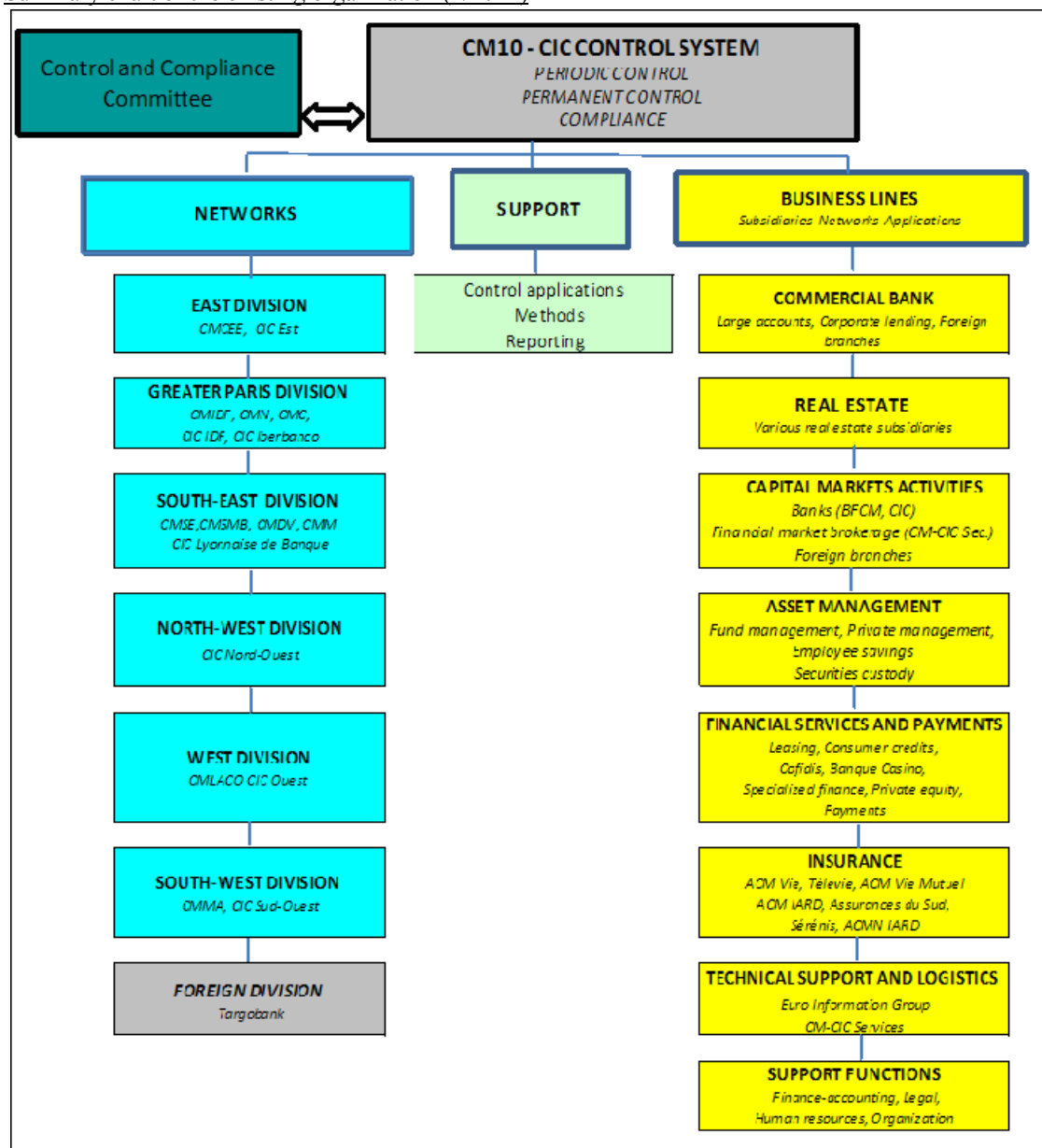
1.3. System governance by the Group Control and Compliance Committee

Under the authority of a member of the executive body, the Control and Compliance Committee includes the Group's heads of control (periodic, permanent and compliance) and risk management; it meets regularly and has the following objectives:

- to approve the control plans, examine the results of control audits and, if necessary, make recommendations to the executive body on needed improvements,
- analyze the conclusions of external control audits, notably those of regulatory authorities, and monitor the implementation of recommendations by the Group entities,
- ensure the complementarity of the actions and tasks of the various participants,
- validate all new control procedures or changes affecting the organization of control functions; in 2010, it therefore issued an opinion on ethical rules for e-commerce and the organization for the control of activities outsourced to the Group's business line centers.

It met four times in 2010 (February 12, May 17, September 6, November 29).

Summary chart of the existing organization (1/2011)



The Control and Compliance Committee reports to the Group Audit and Financial Statements Committee, which represents the Group's deliberative bodies.

1.4. The Group Audit and Financial Statements Committee

In order to satisfy the requirements arising from the transposition of European directive 2006/43/CE related to the statutory audit of the parent company financial statements and the consolidated financial statements by the December 8, 2008 Ordinance No. 2008-1278, as well as those arising from new governance standards, a CM5-CIC Group-level Audit and Financial Statements Committee was established.

The Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of Caisse Fédérale de Crédit Mutuel (between six and 10) and two members of the CIC Supervisory Board. In 2010, it was chaired by the Vice Chairman of Crédit Mutuel Centre Est Europe; two of its members have special expertise in accounting and financial matters.

The independence of the Committee members is ensured by the fact that they all come from the Group's mutual banking level, and are therefore elected by the share-owning members of their respective local Caisse. This independence is strengthened by the volunteer nature of membership on the Audit and Financial Statements Committee.

With respect to internal control, the Group Audit and Financial Statements Committee:

- examines the provisional internal control program,
- is informed of the annual report on consolidated internal control,
- is informed of the conclusions of the main audits performed by the periodic control department as well as the results of the permanent control and compliance departments,
- is informed of conclusions of external controls, notably any changes recommended by the regulatory authorities,
- is informed of actions implemented to follow up on the main recommendations identified in the internal and external control reports,
- assesses the efficiency of the internal control systems.

The Audit and Financial Statements Committee makes recommendations to the various deliberative bodies on any improvements it deems necessary based on findings brought to its attention.

With respect to financial reporting, the Committee:

- is responsible for monitoring the process for preparing financial information,
- supervises the statutory audit of the parent company financial statements and of the consolidated financial statements,
- participates in the choice of statutory auditors and has unrestricted access to them to learn about their work plan, ensure that they are capable of carrying out their audit and discuss the findings of their work with them,
- examines the annual and consolidated financial statements,
- assesses the conditions for their preparation and ensures the relevance and continuity of the accounting policies and methods.

The Audit and Financial Statements Committee met three times in 2010 (February 22, April 30 and September 13). Its meetings are summarized in reports submitted to the deliberative bodies of the various federations and CIC so as to fully inform the directors.

1.5 The risk management system

Group Risk Department

The mission of the Group Risk Department, which regularly analyzes and reviews all types of risks with an eye toward the return on allocated regulatory capital, is to contribute to the Group's growth and profitability while ensuring the quality of the risk management systems.

The Group Risk Committee

This committee meets quarterly and includes the operational risk managers, namely the Head of the Risk Department and the heads of the business lines and functions involved (*Commitments department, Capital Markets department, Finance department, Retail banking, Financing and capital markets, Real estate, Private equity*) together with Executive Management. This Committee is responsible for overall ex post and ex ante risk monitoring.

The Group Risk Monitoring Committee

This committee consists of members of the deliberative bodies and meets twice a year to review the Group's strategic challenges and opportunities in the risk area. Based on the findings presented, it makes recommendations to the Group's deliberative bodies on all decisions of a prudential nature applicable to all Group entities.

The Head of the Risk Department presides over the meetings of this Committee and is responsible for the presentation of the files prepared for the various risk areas based on the work of the Group Risk Committee. Executive Management also participates in the meetings of this Committee, which may also invite the heads of the business lines with a stake in the items on the meeting agenda.

2. Internal control procedures specific to BFCM:

As the holding company for the Group – which is owned by Caisse Fédérale de Crédit Mutuel and the Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi Atlantique – BFCM

manages the investments held in the Group's specialized subsidiaries, all of which are subject to the Group's overall internal control system.

As an integral part of the CM5-CIC Group, BFCM has also implemented an internal control system for activities that it manages at its level. This system satisfies the same risk prevention and management objectives.

BFCM is the Group's financing arm. It manages the Group's cash and performs financial market transactions. It participates in the financing of large-scale projects and is developing a financial engineering activity. BFCM is also the correspondent for the Group's international partners.

As an integral part of BFCM and CIC, CM-CIC Capital Markets department consolidates all of the CM5-CIC Group's capital markets activities on one trading floor in order to refinance the entire CM5-CIC Group (through a single cash management team), develop the Group's capacity to sell capital markets products to customers and strengthen its proprietary trading activity.

The monitoring methods, procedures and limits system are presented in a set of rules.

The capital markets activities report to a member of the CIC Executive Board. The CIC Supervisory Board and BFCM Board of Directors approve the strategy of each business line (refinancing, commercial, proprietary), capital allocation, limits and budget monitoring.

In this system, capital markets activities are steered by several units:

- The management of the CM-CIC Capital Markets Department defines the strategy, analyzes the business activity, results, risks and limits compliance, and coordinates the operational aspects (information system, budget, human resources, procedures),
- The Capital Markets Risk Committee, which meets monthly, monitors compliance with the body of rules and decisions established by the CM-CIC Capital Markets Department and validates the operational limits within the general limits set by the CIC Executive Board and BFCM Board of Directors,
- The CM-CIC Capital Markets Credit Committee, which meets weekly, is responsible for approving credit line requests as part of delegations of authority granted by the CM5-CIC Commitments Committee.

The internal control system is supported on the one hand by the work of the back office departments, which are responsible for controlling risks, results and accounting and regulatory control, and on the other by a team dedicated to monitoring capital markets activities, which reports to the head of business lines permanent control and the compliance function.

Just as they consolidated their capital markets activities under one roof, BFCM and CIC also combined their large accounts activity within CM-CIC Large Accounts. The applications and procedures were harmonized accordingly. The coordination of control tasks through a single portal is ensured by the head of business lines permanent control; the results of the controls conducted during the year were integrated within the same portal.

BFCM handles the Group's depositary activity. The depositary control plan is based on the definition of a set of control tasks and is established in concert with the BFCM business line permanent control and compliance departments. This plan strengthens the customer risk and product risk approach by implementing respective control processes, one for new customer relations development and the other for the analysis of UCI creation. The plan makes it possible to perform a comprehensive ex-post control and identify all risks related to fund management.

The ethics provisions are integrated into a code of ethics that covers both the general principles and the specific measures implemented in the context of BFCM's activities. The fundamental principles of respecting the primacy of the customer's interests and market integrity are addressed in particular.

As part of the operational risk management activities, operational risks arising from capital markets activities were assessed.

BFCM participates in the updating of its specific risk mapping and the related valuation models.

With respect to back-up measures, a Disaster Recovery Plan for all capital markets activities has been established. This plan addresses the major risks related to unavailable offices, technical resources and staff. It is based on the existence of two multipurpose sites, each one backing up the other, back-up information technology resources and work organization in employee pairs or even groups of three. One-fourth of the staff have also been equipped with portable computers enabling remote connections. The Disaster Recovery Plan is regularly updated and tested. Its formalization based on the Group methodology was reviewed in 2010 and is in the process of being updated.

Group Audit performs periodic control on a multiyear schedule. The findings of these audits are presented to the Control and Compliance Committee and the Group Audit and Financial Statements Committee. They are also contained in the annual report submitted to the French Banking Commission. The audits may be general or specific in nature.

3. Internal control related to the preparation and processing of accounting and financial information

3.1. The role of governance bodies and the Group Audit and Financial Statements Committee

At the close of each reporting period involving financial statements or financial information to be published, this information is presented by the Finance Department to the Board of Directors. The determination of the earnings and the presentation of the financial situation and activity are part of an analysis that includes reconciliations with non-accounting information (interest rates, average capital, etc.).

The accounting principles applied that have a material impact have been previously reviewed and approved by the statutory auditors. These auditors are regularly invited to participate in the meetings of the Board of Directors held to approve the financial statements. They are asked to report on their audit and present the results of their work to the deliberative body.

The Group's accounting principles used for the financial statements consolidation are presented in the Notes to the financial statements.

The accounting work is presented regularly to the Group Audit and Financial Statements Committee, which is independent of the Finance department and charged in particular with a review of the process for preparing the financial statements and financial information disclosed by the Group.

During the past year, information presented to the Group Audit and Financial Statements Committee focused on:

- the overall process for preparing the Group's financial statements (IT applications used, administration of the accounting IT system, iterations implemented),
- the selected accounting options (scope, provisions on long-term investments) with respect to the applicable IFRS (first-time application of IFRS 8 and IAS 1 in 2009),
- the consolidated results and their in-depth analysis (analysis of the various items for the intermediate analytical account balances, sector analyses by business line),
- changes in the factors used to calculate the solvency ratio (capital and risks).

3.2. Specificities to the banking activity

The governance of the accounting and financial organization is structured in order to satisfy the specificities of a credit institution's activities:

- nearly all of the economic transactions carried out by a bank result in a financial payment or commitment that needs to be accounted for;
- a significant volume of accounting entries are based on fully automated recording processes for the executed transactions;
- unlike the situation in industrial or commercial companies, accounting entries are decentralized throughout the entire organization and not consolidated in just one accounting department.

The vast majority of the accounting entries are therefore executed by the IT system based on preset configurations. These automated circuits are designed to ensure:

- the comprehensiveness, reality, measurement and proper classification of the accounting depiction of completed economic transactions;
- prevention of fraud risk by predefining in a centralized manner the transactions that each participant is authorized to execute;
- rapid and regular accounting centralization, with entries recorded in real time or at least once every business day in the case of batch processing;
- de facto homogenization of accounting data among the Group's various companies.

3.3. The accounting system

The accounting architecture

The company shares an IT platform in common with 15 Crédit Mutuel federations and the CIC banks, which includes common accounting and regulatory features involving in particular:

- the chart of accounts, whose structure is the same for all institutions administered on this platform;
- the definition of automated processes and procedures shared by all banks (payments, deposits and credits, current transactions, etc.);
- reporting applications (BAFI, input of consolidation software, etc.) and management control applications.

In that context, the administration of the common accounting IT system is entrusted to dedicated divisions, the “Accounting Procedures and Processes” divisions, which represent autonomous units within either the CM5-CIC Finance department “retail banking / networks” or the CM5-CIC Finance department “specialized business line networks”, depending on the case.

These divisions are responsible in particular for:

- the administration of the common chart of accounts (creation of accounts, definition of account characteristics, etc.);
- the definition of common accounting procedures and processes, in accordance with tax and regulatory requirements. To that end and when necessary, the company’s Tax department is consulted and the establishment of the processes is subject to a validation procedure involving the various operational managers.

The “Accounting Procedures and Processes” divisions are independent, both hierarchically and operationally from the accounting departments in the strict sense, which enables a separation of accounting architecture, design and administration functions and the other operational departments.

Within the company, all accounts must be assigned to an operational department that will be responsible for their operation and control; thus no account may be overlooked or lack a clearly designated entity responsible for its monitoring.

The established organization and procedures make it possible to comply with Article 12 of CRBF Regulation 97-02 and ensure the existence of an audit trail.

Chart of accounts

The chart of accounts is based on two main types of accounts: third party accounts, which track the deposits and receivables of individual third parties, and general ledger accounts.

The use of dedicated accounts for deposits from and loans to third parties makes their monitoring possible. With respect to securities custody, CM-CIC Securities uses “inventory” accounting, which distinguishes between third party and proprietary securities ownership (equity investments), and external segregation when the custody is no longer provided by the Group (Financing and capital markets activity).

The chart of accounts for all credit institutions administered on the common IT platform uses a single nomenclature (*Nouveau Plan de Comptes Interne – NPCI* chart), which is administered by the “Accounting procedures and processes” divisions.

This chart of accounts defines the account properties with respect to the following areas in particular:

- regulatory attributes (consistency with the chart of accounts of official credit institutions – PCEC, reconciliation to the items of the published financial statements, etc.),
- certain tax characteristics (VAT position, etc.),
- management control characteristics (mandatory presence or not, link to the consolidated chart of accounts, duration of custody for online transfers, presence at headquarters/branch, etc.).

Processing applications

The accounting information processing applications are mainly based on internal applications developed by the Group’s IT departments.

To those applications are added several specialized applications, either external or internal, notably a management reporting production application, an accounting balances and financial statements production application, a utility for processing file queries, a consolidation application, a regulatory financial statements processing application, a non-current assets management application and tax reporting applications.

Automated controls

Accounting files undergo a series of automated controls prior to final accounting recognition: file balancing, file validation, updating of the audit trail of accounts affected by accounting entries.

Internal applications make it possible to control daily account entries and detect any anomalies.

Significant change in 2010: a new accounting control application

In 2010, a new accounting control application was introduced for all banks on the EIP platform.

The purpose of this application is to manage limit amounts on accounting entries, broken down by type of account (third party/general ledger), entry type (debit/credit), IT application code, entity and the entity's sector of activity.

The application has two levels of control focused on:

- a limit threshold,
- a warning threshold.

The control applies to account processing in real time or batch processing for all applications that do not require that the entries be authorized on the basis of the “four eyes” principle. If a threshold is exceeded, the accounting entry is blocked and shifted to an accrual account. After analysis, the user may:

- in the case of a “warning” level, validate the entry after the control,
- in the case of a “limit” level, complete the transaction only if approved in accordance with the “four eyes” principle.

In all cases, entries recorded above a warning threshold (automatically through file handling or after an override in real time) are tracked and stored in event management.

This control application is being gradually rolled out after a simulation phase, which makes it possible to refine the ceiling amounts based on the specific accounts and business sectors.

The roll-out of the new accounts control application has made it possible to correct certain erroneous amount entries in advance (errors that used to be corrected ex post in the former system).

The application has also made it possible to isolate the few users authorized to validate large amounts in excess of the control application's overall ceiling. These users have a new and special authorization resource.

4. Internal control in the preparation of parent company financial statements and the consolidation process

Controlling parent company financial statement closings

At each closing, accounting information is compared against the forecast management data for validation. The forecast management data are developed by divisions that are independent from the accounting production departments (management control and budget control).

This analytical review focuses in particular on:

- the net interest margin; for fixed-income instruments (deposits, loans and off-statement of financial position items), the management control calculates the expected returns and costs based on the average capital observed; these results are then compared with the effective interest rates and validated for each business sector;
- the level of fees and commissions; based on activity indicators, the management control estimates the volume of fees and commissions received and payable, compared with the actual results;
- general and administrative expenses (employee expenses and other general operating expenses);
- net additions to/reversals from provisions for loan losses (provision allocations and recorded losses).

The accounting procedures and accounting processes are formalized. For the branch “network”, the procedures are listed on the bank’s intranet.

The daily accounting controls are exercised by the appropriate employees at the level of each branch. The accounting control departments also fulfill a general control task involving in particular regulatory controls, the monitoring of justifications of internal accounts, the monitoring of branches, controlling the foreign exchange position, controlling NBI by activity, accounting procedures and processes, the interface between the back offices and statutory auditors.

The control departments (periodic, permanent, compliance) are also called upon to perform duties in the accounting area. A control portal dedicated to the accounting function is in the works.

Controls of the consolidated financial statements

The system is periodically adapted to satisfy regulatory changes (IFRS) or improve the reliability of financial statements production.

The Group entities have applied IFRS accounting principles since January 1, 2005. A summary of IFRS accounting principles is provided in the consolidated financial statements.

CM5-CIC Group identifies the French (CNC) and international (IFRS) accounting principles and methods to be applied by all Group entities in their respective financial statements. Foreign subsidiaries take these policies into account when transitioning from their local accounting standards to French and international standards in the consolidation packages and financial reporting.

The accounting heads of the CM5-CIC Group entities meet twice a year to prepare the financial statement closings.

Individual company financial statements based on IFRS are prepared in the central IT system for the entities using the common IT system. The individual company IFRS financial statements are closed by the same organization and team as the individual company financial statements prepared in accordance with French accounting principles (CNC).

The Group has a consolidation chart of accounts. In the common IT system, each account in the common chart of accounts includes a link to the consolidated chart of accounts. This link is therefore the same for a single account for all companies that share this chart.

The preparation of the consolidated financial statements is carried out on the basis of a schedule sent to all subsidiaries and the statutory auditors. This schedule includes, where applicable, changes in procedures or standards to be integrated. The person responsible for the closing of the financial statements of the subsidiary and the person responsible for the listing of reciprocal accounts among fully consolidated companies are designated at each consolidated subsidiary.

The statutory auditors of the consolidation send simultaneous audit instructions to the statutory auditors of the consolidated companies. These instructions are intended to ensure the subsidiary’s compliance with the various standards, in accord with their own professional standards.

The consolidation of accounts is performed on a dedicated application, one of the leading commercially available standard applications. Inputting data into the consolidation application (consolidation packages) is partially automated based on an interface developed on the accounting IT system, which enables the balances to be recovered automatically and thereby ensuring the consistency between company and consolidated data.

Moreover, the consolidation package may not be submitted by the company until after several verifications to ensure consistency and directly programmed into the package have been satisfied. These control rules (currently more than 600) are developed by the consolidation departments and relate to a number of factors (changes in equity, provisions, non-current assets, cash flows, etc.). So-called blocking controls prevent the package from being submitted by the subsidiary unless a special exception has been granted by the consolidation departments.

The consolidation department also performs consistency controls on the company data upon receipt of the packages (earnings level, intermediate management balances, etc.).

Finally, systematic reconciliation statements between company and consolidated data are prepared with respect to equity and earnings. This process, which makes it possible to ensure the coherence of the transition between

accounting series, company and consolidated, is performed independently of the consolidation application, which therefore enables the validation of these consolidated items.

In conclusion, BFCM's internal control and risk management system, which is based on shared methods and applications, is part of the CM5-CIC Group's control organization. The Group is always seeking to strengthen and improve its efficiency.

C. LIMITATIONS ON THE CHIEF EXECUTIVE OFFICER'S AUTHORITY

The Board has not set any limits on the authority of the Chief Executive Officer, as set forth by law and our by-laws and internal rules.

D. PRINCIPLES FOR DETERMINING REMUNERATION GRANTED TO COMPANY OFFICERS AND DIRECTORS

The provisions of Article L 225-37 of the French Commercial Code specify that in companies whose securities are admitted for trading on a regulated market, the Chairman of the Board of Directors must also present the rules and principles established by the Board of Directors to determine remuneration and all types of benefits granted to officers and directors.

As mentioned in point 1 above, BFCM's Board of Directors meeting of July 2, 2010 approved the internal rules of the Remuneration Committee, which are addressed in the provisions of CRBF Regulation 97-02.

The annual filing to the Prudential Control Authority (*Autorité de Contrôle Prudentiel – ACP*) pursuant to articles 43-1, 43-2 and 43-3 on the implementation of the remuneration policy was completed in June 2010 with a "Report to the ACP on the remuneration policy and remuneration practices", based in particular on information provided by the HR department with respect to both the decision-making process and main characteristics of the remuneration policy as well as the quantitative information involving financial market managers and professionals.

Improvements to the system were made in 2010, notably in terms of the formalization of procedures, which will again be adapted to the new regulatory requirements in 2011.

The Chairman of the Board of Directors

3.4 Report of the statutory auditors on the report of the Chairman of the Board of Directors

(Prepared pursuant to Article L.225-235 of the French Commercial Code)

This is a free translation of a report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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Member of the Versailles regional
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(Simplified stock company with variable capital)
Statutory auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2010

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (code de commerce), on the report prepared by the Chairman of the Board of Directors of BFCM

To the Shareholders,

In our capacity as statutory auditors of BFCM and in accordance with article L. 225-235 of the French Commercial Code (code de commerce), we hereby report on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code (code de commerce) for the year ended December 31 10.

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

Our role is to:

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

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

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

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

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

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

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (code de commerce).

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011

French original signed by

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG and Others

Arnaud Bourdeille

Isabelle Santenac

3.5 Report on the system to fight money laundering and terrorism financing

3.5.1. Head of the system and employee training

The Group's central compliance function fulfills several roles with respect to the anti-money-laundering and terrorism financing system within the Group, including coordination, management, training, administration and control. The Group's head of compliance (Stéphane Cador, cadorst@cic.fr) reports directly to a member of the Group's Executive Management; he is supported by a national head of the fight against money laundering and terrorism financing (Raoul d'Estaintot, destaira@cmcee.creditmutuel.fr)

To execute its assigned missions, the central compliance function has correspondents within the permanent control and compliance departments of the various regional divisions, business line entities and foreign-based entities. These correspondents, in particular the Tracfin correspondents and "declarants", report on a functional basis to the central compliance function.

A self-training manual is given to all employees. The manual enables them to gain a proper understanding of the importance of knowing the customer, the traceability of transactions and monitoring and reporting requirements. Examples are also provided.

An employee is considered to have completed the course if he or she passes the final "quiz" with 75% correct answers. A total of 8,580 CM5-CIC employees passed the course in 2010.

As for the self-training manual on the third EU directive, available since June 2009, a total of 24,473 CM5-CIC employees (excluding headquarters staff) were trained, representing 77.4% of the total number of eligible employees. Some 10,927 people received training provided by Tracfin correspondents and the Managing Directors of the local Caisses or branches.

Presentation training modules for the Managing Directors and client account representatives were in the process of being finalized in late 2010. Tracfin manuals – branches and business lines – that centralize the information and training materials with respect to the Tracfin application have been made available to employees on the Group intranet.

3.5.2. Classification of risks. Description of procedures

Classification and duty of vigilance

The work related to the implementation of new regulatory requirements, transposed on the basis of the third EU Directive, is continuing.

For each business line, the risks of money laundering and terrorism financing were listed by type of clientele, products and services offered and distribution channel. The head of the various business lines participate in this effort.

Procedures by business line were described and prioritized using a common template (*description of the business, due diligence requirements with respect to knowing the customer based on the distribution channels and type of clientele, special due diligence for transaction monitoring, formalization of due diligence when transactions are logged, etc.*).

The retail bank chose not to adopt the separate category of low-risk clients, which allows for the waiver of vigilance requirements toward clients; instead it kept only the separate category of high-risk clients, the balance consisting only of clients presenting average risk (*implementation of vigilance under ordinary French law*).

The classification of clients was enriched with the creation of a new risk category (RIE 045) of heightened vigilance, which is related to the country of residence when that country is registered on the internal "red" list (*country offering only limited cooperation or subject to an embargo*). These RIE clients were automatically classified based on existing records since early July 2010. This classification applies to approximately 5,000 clients

placed under heightened vigilance, which would bring the total number of clients needing heightened vigilance to 9,000 for the CM5-CIC scope of activities, or 0.06% of all clients.

Monitoring and special analysis in the event of a freezing of assets

The European Union's list of terrorists is updated automatically. New client relations and the items in the third party database are screened regularly. Similarly, payments are monitored ex ante in order to block the transaction, where necessary, if it turns out that one of the parties is on the terrorist list or could be subject to an embargo (*OVF application*).

For the financing of activities of French companies doing business in countries subject to embargo measures, the International Activities department implements specific procedures based on customized questionnaires and documentary controls, notably customs statements.

Control methods with respect to the duty of vigilance in respect of foreign subsidiaries and branches

Special guidelines for these entities were disseminated in 2006 and subsequently updated in 2010 following the transposition of the EU's Third Directive into French law. Under these guidelines, the host country's regulations are applied if they are more stringent than those applicable in France. The guidelines also include points on the duty to establish an anti-money-laundering program adapted to the entity's specific risk classification, to inform the National Compliance department when drafting a report on a suspect transaction or activity or the annual report on internal control, which must include a section on the fight against money laundering. The compliance committee's reports must also be submitted.

Conditions for reliance on a third party to identify customers

(Articles L561-7 and R561-13-I)

BFCM has established a customer relations and agreements management application (PRESC) with "financial institution" third parties (i.e. those qualifying as "Intermediaries for Banking and Payment Services Transactions") for the purpose of issuing mortgage loans and business loans. This application was rolled out in the CM10-CIC Group on January 1, 2011. All agreements drafted in the PRESC application include a Banking Transaction Intermediary mandate.

The supporting documents related to the identity of the customer as well as, where applicable, the actual beneficiary and the purpose and nature of the customer relationship are provided to the bank before any new customer relationship is opened, since the complete file must be sent to the bank. Only the bank is authorized to determine whether to grant a credit or not based on the submitted documents (*with the exception of cases where the future borrower is already a Bank customer, in which case the due diligence will already have been performed by the Bank*).

With respect to the home country of the service provider, the agreement does not contain any restrictions, although controls may be easily implemented through the application.

The current agreement between the bank and third parties defining the methods for submitting the collected materials and controlling the due diligence implemented is in the process of being updated with respect to the collection of supporting documents and their certification.

Conditions for the use of service providers to identify customers

(Articles R561-13-II)

These provisions apply only in some business lines, in particular Sofemo, CM-CIC Bail and Cofidis.

In 2010, efforts focused on updating the agreements with these third parties in accordance with Article 11-10 of CRBF Regulation 97-02.

Methods for implementing obligations in the area of wire transfers

As a payments services provider for the order giver:

The anti-money-laundering procedure for the network indicates that for outgoing wire transfers, there should be no doubt on the fact that our "order-giving" customer is behind the transaction. Similarly, the identity of the beneficiary as well as his or her bank account information must be indicated on the wire transfer order.

- The beneficiary must be clearly identified on the wire transfer order, along with his or her bank account information
- This information must be broken down based on the target region (inside or outside of the European Union) of the funds

As an intermediary service provider:

This section applies only to BFCM and CIC Paris. The methods are as follows:

- Control that identification information is present for the order giver,
- Transmission of information received to the beneficiary's payments services provider for individual transactions and reposting in each individual transaction of information received in the file header for bulk transactions,
- Transmission of complementary information within three working days of complete information on the order giver
- Storage of information for five years and the current year.

As the beneficiary's payments services provider:

The anti-money-laundering procedure for the network indicated that for "incoming" wire transfers, there should be no doubt on the fact that our "beneficiary" customer is in fact the actual beneficiary of the transaction.

In order to identify the order giver, the following minimum information is required:

- In the case of transfers from a bank established in a European Union member country: a reference to its unique bank code.
- In the case of transfers from outside the European Union, the identity of the order giver must be given: Name + account number or unique ID + address or date and place of birth or national identity number.
- In the absence of this information, a clarification must be requested. Any discrepancy must be notified to the Tracfin correspondent to determine whether a report needs to be submitted.

Finally, a warning (EVT 656) notifies the network of any incomplete transaction from abroad with respect to the identification of the order giver, it being noted that all these transactions are detected and monitored by CM-CIC Services, which prompts the deficient institutions if necessary.

Methods for circulating information within the Group

Information needed for the unit responsible for the fight against money laundering and terrorism financing

The Tracfin manual has been replaced with two Tracfin manuals, one for the network and the other for the business lines.

These manuals include:

- the risk procedures and classifications,
- the guidelines promulgated by the ACP, AMF and Tracfin,
- the information on the Tracfin application (*application dedicated to processing of warnings, recording of log files, case files and suspicious activity reports*),
- information on customer coding, warnings
- the list of sensitive countries,
- training materials,
- glossary,
- the annual Tracfin reports,
- links to the legal section of the French Monetary and Financial Code on money laundering and to the other Tracfin manual,
- the list of Tracfin correspondents with their contact information.

Information related to the existence and content of suspicious activity reports

All suspicious activity reports are codified through an interfederal risk, which makes it possible to share information among the CM-CIC Group member financial institutions. This codification indicates the institution filing the report and the date. The code indicates that a report has been filed and allows the Tracfin correspondents to share information about its content.

Methods for defining the criteria and thresholds for material discrepancies

In terms of the fight against money laundering and terrorism financing, a suspicious activity report is not, for example, an incident in the context of operational risk management (see point 11) but merely the application of the regulation. The Control and Compliance Committee is the direct recipient of reports on internal and external inquiries susceptible of revealing dysfunctions in the area of anti-money-laundering. The Control and Compliance Committee notifies the deliberative body whenever necessary through the Group Audit Committee.

3.5.3. Permanent controls

The first-level control plan is included in the dedicated control application (*CINT*), branch by branch or Caisse by Caisse at Crédit Mutuel. It is supervised by the permanent control teams divided into regions.

With respect to the second-level permanent control, an anti-money-laundering section is currently being added to the compliance portal. It includes 10 specific control tasks spread over time, in particular a control of deadlines and the quality of the reports. The Tracfin correspondents are supposed to input the results of their control and assessment of the risk of money laundering. This approach will be deployed throughout all the business lines.

A monthly “*Validation Webcheques*” control aims to verify the network’s proper application of the control procedure for checks issued. The controls and statistics through end-December 2010 demonstrate the proper use of this procedure by the branch networks. For all the banks and federations, the verification rate was above 96%. The number of branches showing discrepancies is limited, and they are contacted systematically.

None of the controls performed in the area of checks control resulted in a suspicious activity report.

3.5.4. Main deficiencies highlighted by the domestic and foreign control authorities and corrective measures

The recommendations on the resources and organization led the CIC New York branch to add another person to the Compliance function team.

Chapter IV

INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

4.1 Management report on the parent company financial statements

The comments on the 2010 business activity of BFCM and its subsidiaries (sections 2.1 and 2.2) complement the report on the parent company financial statements presented below.

Statement of financial position

The statement of financial position as of December 31, 2010 shows total assets of €145.5 billion, down 18.2% relative to the previous year; this decrease did not result from a decline in business activity but was instead due to the establishment as of October 1, 2010 of new financial settlement methods between BFCM and its parent company, Caisse Fédérale de Crédit Mutuel (CFdeCM).

On the liabilities side, amounts due to credit institutions comprise mainly long-term borrowings from the Group's subsidiaries totaling €40.2 billion. In 2009, BFCM's statement of financial position recognized deposits collected by the Caisses de Crédit Mutuel from the Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi Atlantique federations in the amount of €48 billion. This line item does not appear on the 2010 statement of financial position, as these deposits are now used by CFdeCM to refinance credits in the local Caisses.

Amounts due to customers totaled €14.9 billion. This item consists mainly of current accounts in credit of UCITS (€2.7 billion) and long-term deposit accounts and borrowings of the financial clientele (€12 billion).

Total securities liabilities in the amount of €55.8 billion include securities given under collateralized repurchase agreements, interbank market securities (€5.4 billion) and marketable debt securities (€26 billion) along with bond debt (€24.4 billion).

The Fund for General Banking Risks totaling €61.6 million and the deeply subordinated notes remained unchanged at €2.3 billion in 2010. Total shareholders' equity was €5.3 billion before the appropriation of the prior year's net income.

On the assets side, CM5-CIC Group's central treasury function is reflected mainly by loans and receivables from credit institutions in the amount of €103.4 billion. The refinancing provided to CFdeCM to back the credits distributed by the Caisses de Crédit Mutuel and the specific uses amounted to €41.8 billion. BFCM's refinancing activity also extends to the Banque de l'Economie du Commerce et de la Monétique and to CIC Group and Cofidis Group entities. The volume of refinancing provided to these entities was €54.9 billion.

Customer transactions totaled €8.7 billion. This amount corresponds to credit facilities, mainly targeting large corporates, as well as the refinancing of special purpose acquisition entities for BFCM's long-term investments.

Trading, available-for-sale and held-to-maturity securities round out the other uses of treasury funds (€19.6 billion). Investments in related companies, which totaled €6.5 billion, consist mainly of investments in CIC (€2.9 billion), Groupe des Assurances du Crédit Mutuel (€1 billion) and Cofidis (€0.7 billion). Other equity investments totaled €1.6 billion. This item is made up primarily of investment stakes in Banque Marocaine du Commerce Extérieur, Banque de Tunisie and Banco Popular Espagne.

With respect to the statement of financial position, it should be noted that the application of French National Accounting Council (*Comité de la Réglementation Comptable – CRC*) Regulation No. 2009-03 related to the treatment of fee and commission income received and marginal transaction costs as part of the grant or acquisition of a loan by a credit institution, had no impact on BFCM.

The French Law on the Modernization of the Economy (*Loi de modernisation de l'économie – LME*) and payment terms

In accordance with Articles L441-6-1 and D441-4 of the French Commercial Code, we hereby present the balance of trade payables due to suppliers as of the year-end closing date, which amounted to €553,445.78. Suppliers are paid within 30 days.

Income statement

Interest income totaled €6.1 billion, including €5.2 billion from transactions with credit institutions.

Interest expense was €6 billion. The bulk of this expense consisted of interest payable to credit institutions (€4.3 billion) and interest on securities issued (€0.9 billion).

Income from variable-income securities (equities) was mainly comprised of dividends received from BFCM subsidiaries.

The loss on available-for-sale securities amounted to €35.6 million, of which the majority, or €33.2 million, consisted of provision allocations. Capital losses on disposals from this portfolio totaled €2.6 million.

After taking commissions and other items related to operations into account, net banking income totaled €222.5 million in 2010, compared with €339.3 million in 2009.

General and administrative expenses amounted to €50.2 million.

In 2010, the disposal of doubtful debt held on Lehman Brothers generated a gain of €142.7 million, equivalent to the net release of the unused provision recorded under net additions to/reversals from provisions for debt losses.

Meanwhile, the net gain (loss) on non-current assets corresponds in large part (€32.6 million) to the additional provisions recorded on long-term investments.

In addition, €10,489 corresponding to rents and depreciation on non-deductible company vehicles was reintegrated into taxable income at the standard rate under ordinary French law.

The tax loss carry forward from 2009 and tax liability of the companies included in the consolidated tax group was attributed to BFCM's tax liability, which resulted in a €13.3 million income tax gain.

Finally, net income for the year totaled €302.1 million in 2010, compared with €330.9 million in 2009.

Proposals of the Board of Directors to the Shareholders' Meeting

The proposed appropriation to the Shareholders' Meeting involves the following amounts:

2010 net income:	€302,074,929.32
Unappropriated retained earnings:	+ €10,984.78
or a total of:	<hr/> €302,085,914.10

We propose to:

- allocate to the legal reserve the amount of €10,423,677.00;
- allocate to the discretionary reserve the amount of €291,000,000.00;
- to carry forward the balance of €662,237.10.

In accordance with applicable legal provisions, we remind you that dividends per share paid out during the past three years were as follows:

<i>Year</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Amount (€)	7.48	-	4.96
Dividend eligible for deduction under Article 158 of the French General Tax Code (CGI)	yes	-	yes

4.2 Financial statements

ASSETS <i>(in €)</i>	Dec. 31, 2010	Dec. 31, 2009
CASH, CENTRAL BANKS, POSTAL OFFICE BANKS	361,743,425.97	1,240,782,419.37
GOVERNMENT SECURITIES AND EQUIVALENT	2,201,701,795.69	264,302,704.62
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	103,375,572,407.94	135,247,815,411.02
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	8,720,894,952.87	8,694,330,477.77
BONDS AND OTHER FIXED-INCOME SECURITIES	19,618,075,329.08	21,530,133,995.64
EQUITIES AND OTHER VARIABLE INCOME SECURITIES	275,066,727.13	256,608,064.58
LONG-TERM EQUITY INVESTMENTS AND SECURITIES	1,593,406,490.42	1,030,122,903.09
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	6,545,126,035.05	5,934,667,288.36
FINANCE LEASES AND LEASES WITH PURCHASE OPTION	0.00	0.00
OPERATING LEASES	0.00	0.00
INTANGIBLE ASSETS	3,000,141.00	3,000,141.00
PROPERTY AND EQUIPMENT	7,014,478.87	7,106,420.78
SUBSCRIBED CAPITAL NOT PAID IN	0.00	0.00
TREASURY SHARES	0.00	0.00
OTHER ASSETS	1,709,112,007.82	2,729,092,042.43
ACCRUALS	1,118,264,395.26	1,000,582,533.82
TOTAL ASSETS	145,528,978,187.10	177,938,544,402.48

OFF STATEMENT OF FINANCIAL POSITION	Dec. 31, 2010	Dec. 31, 2009
COMMITMENTS GIVEN		
FINANCING COMMITMENTS	3,599,524,308.88	3,491,336,684.91
GUARANTEE COMMITMENTS	2,986,394,429.23	9,331,087,097.40
SECURITIES COMMITMENTS	0.00	0.00

LIABILITIES AND SHAREHOLDERS' EQUITY <i>(in €)</i>	Dec. 31, 2010	Dec. 31, 2009
CENTRAL BANKS, POSTAL OFFICE BANKS	0.00	0.00
DUE TO CREDIT INSTITUTIONS	61,224,063,596.07	96,494,895,240.53
DUE TO CUSTOMERS	14,879,139,629.62	19,084,266,788.71
DEBT SECURITIES	55,790,681,977.01	48,634,933,530.59
OTHER LIABILITIES	443,653,441.36	1,127,984,666.20
ACCRUALS	1,474,168,490.94	2,126,709,730.06
PROVISIONS FOR RISKS AND CHARGES	120,663,330.99	54,095,604.22
SUBORDINATED DEBT	8,272,108,226.89	7,264,070,516.07
FUND FOR GENERAL BANKING RISKS (FGBR)	61,552,244.43	61,552,244.43
SHAREHOLDERS' EQUITY EXCL. FGBR	3,262,947,249.79	3,090,036,081.67
SUBSCRIBED CAPITAL	1,302,192,250.00	1,302,192,250.00
ADDITIONAL PAID-IN CAPITAL	577,704,582.87	577,704,582.87
RESERVES	1,080,756,261.82	1,008,756,261.82
REVALUATION RESERVES	0.00	0.00
REGULATED PROVISIONS AND INVESTMENT SUBSIDIES	208,241.00	194,531.00
UNAPPROPRIATED RETAINED EARNINGS	10,984.78	-129,750,494.36
NET INCOME FOR THE YEAR	302,074,929.32	330,938,950.34
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	145,528,978,187.10	177,938,544,402.48

OFF STATEMENT OF FINANCIAL POSITION	Dec. 31, 2010	Dec. 31, 2009
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	21,581,639,438.08	10,955,899,380.88
GUARANTEE COMMITMENTS	18,821,277.91	14,097,626.57
SECURITIES COMMITMENTS	162,384,483.60	337,541,051.49

INCOME STATEMENT <i>(in €)</i>	2010	2009
+ INTEREST INCOME	6,074,574,001.22	8,183,673,259.96
- INTEREST EXPENSE	-6,039,120,659.64	-8,079,013,211.15
+ INCOME FROM LEASE AND SALE AND LEASEBACK TRANSACTIONS	0.00	0.00
- EXPENSES ON LEASE AND SALE AND LEASEBACK TRANSACTIONS	0.00	0.00
+ INCOME FROM OPERATING LEASE TRANSACTIONS	0.00	0.00
- EXPENSES ON OPERATING LEASE TRANSACTIONS	0.00	0.00
+ INCOME FROM VARIABLE-INCOME SECURITIES	234,982,960.55	148,603,177.40
+ FEE AND COMMISSIONS - Income	40,633,534.12	35,854,737.28
- FEE AND COMMISSIONS - Expense	-17,608,999.14	-60,441,143.54
+/- GAINS (LOSSES) on TRADING SECURITIES TRANSACTIONS	-3,309,488.62	13,324,099.09
+/- GAINS (LOSSES) on AVAILABLE-FOR-SALE SECURITIES TRANSACTION	-35,588,629.05	120,250,653.11
+ OTHER OPERATING INCOME	29,472,072.11	3,288,654.42
- OTHER OPERATING EXPENSE	-61,514,180.75	-26,245,910.64
<u>NET BANKING INCOME</u>	222,520,610.80	339,294,315.93
- OPERATING EXPENSES	-50,242,728.52	-36,479,017.60
- DEPRECIATION, AMORTIZATION AND PROVISIONS ON NON-CURRENT ASSETS	-94,522.33	-176,854.22
<u>GROSS OPERATING INCOME</u>	172,183,359.95	302,638,444.11
+/- COST OF RISK	141,240,755.48	1,223,077.00
<u>OPERATING INCOME</u>	313,424,115.43	303,861,521.11
+/- NET GAIN (LOSS) ON NON-CURRENT ASSETS	-23,734,064.46	-78,472,020.79
<u>NET INCOME BEFORE TAX</u>	289,690,050.97	225,389,500.32
+/- NON-RECURRING INCOME	-879,395.15	-367,747.64
- CORPORATE INCOME TAX	13,277,983.50	106,072,636.66
+/- NET ALLOCATIONS TO/RELEASES FROM FGFR AND REGULATED PROVISIONS	-13,710.00	-155,439.00
<u>NET INCOME</u>	302,074,929.32	330,938,950.34

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies and methods

The financial statements of Banque Fédérative du Crédit Mutuel (BFCM) are prepared in accordance with the general accounting principles and rules promulgated by either the French Banking and Financial Regulatory Committee (*Comité de la réglementation bancaire et financière - CRBF*) or the French National Accounting Council (*Comité de la réglementation comptable - CRC*), depending on the case.

They are prepared on the basis of the conservative principle and the following fundamental principles:

- going concern,
- consistency principle,
- accrual principle.

The presentation of the parent company financial statements follows the provisions of Regulation No. 2000/03 of the French National Accounting Council (CRC).

Change in accounting method

The presentation of BFCM's financial statements is consistent with the provisions of Regulation 91-01 of the French Banking Regulations Committee (*Comité de la Réglementation Bancaire - CRB*), as amended by Regulation 2000-03 of the French National Accounting Council (*Comité de la Réglementation Comptable - CRC*) relative to the preparation and publication of annual parent company financial statements of companies subject to the French Banking and Financial Regulations Committee (*Comité de la Réglementation Bancaire et Financière - CRBF*), which was itself amended in 2010 by French Accounting Standards Authority (Autorité Nationale Comptable – ANC) Ruling No. 2010 of October 7, 2010 relative to the publication of company financial statements for credit institutions.

The changes in accounting methods and presentation relative to the previous year involve the following points:

Regulations	Publication date by the French government	Date of first-time application – Financial years that begin on:
CRC Regulation relative to the recognition of commissions received by a credit institution and marginal transaction costs incurred during the granting or acquisition of a loan	December 3, 2009 No. 2009-03	January 1, 2010
ANC ruling, for credit institutions, related to transactions between related parties and transactions not recognized on the statement of financial position	October 7, 2010 No. 2010-04	January 1, 2010
The first-time application of these regulations did not have a material impact on BFCM's earnings and net financial position.		

Note n° 1.1 ***Measurement of receivables and payables and use of estimates for the preparation of the financial statements***

Receivables and payables pertaining to customers and credit institutions are recognized on the statement of financial position at fair value or cost, if it is different from fair value. Related accruals (accrued or outstanding interest due or payable) are combined with the corresponding asset and liability items.

The preparation of the financial statements may require the use of assumptions and estimates that have a material impact on income and expenses and assets and liabilities in the statement of financial position and notes to the financial statements. In that case, management uses its judgment and experience to apply readily available information at the time of preparation of the financial statements in order to arrive at the necessary estimates.

Such is the case in particular for:

- the fair value of financial instruments not quoted on an active market;
- pension plans and other future employee benefits;
- the measurement of equity interests;
- provisions for risks and charges.

Note n° 1.2 ***Non-performing loans***

All types of receivables are downgraded to non-performing status in the following situations:

- payment arrears of more than nine months for loans to local authorities, more than six months for home purchase mortgage loans, and more than three months for other loans;
- when the receivable is subject to a legal dispute (notification procedures, adjustment, court-order liquidation, etc.);
- when the receivable presents other risks of total or partial non-recovery.

When a loan to an individual or legal entity is classified as non-performing, all commitments to that person or legal entity are reclassified as non-performing.

Impairment charges are recorded on non-performing receivables on an individual basis for each receivable.

Interest on unsettled, non-performing receivables and recognized on the income statement is covered by impairment charges for the full amount recognized. Impairment charges and releases of impairment, losses on non-recoverable receivables and recoveries on impaired receivables related to interest on non-performing receivables are recognized under “Interest income” on the income statement.

Provisions are recognized on the principal of the receivable based on the most likely estimate of impairment, in accordance with general prudential principles. The impairment calculation takes into account the net realizable value of personal or real guarantees related to the receivable.

The established provision covers the estimated loss, discounted using the original interest rate of the credit. Estimated losses are equivalent to the difference between the initial contractual cash flows and estimated recovery cash flows. The determination of the recovery cash flows is based in particular on statistics that make it possible to estimate average recovery rates over time starting from the time when the credit was downgraded to non-performing. A net release of provision following the passage of time is recognized in net banking income.

In accordance with CRC Regulation No. 2002/03 amended by CRC Regulation No. 2005/03, non-performing receivables that have been declared past due or classified as non-performing for more than one year are specifically identified as “irrecoverable

receivables.” The bank has defined internal rules for automatic downgrades, which presume the irrecoverable nature of the receivable once it has been classified as non-performing for more than one year, unless the existence and validity of guarantees covering all the risks can be formally demonstrated. The recognition of interest on the receivable ceases once the loan has been classified as an “irrecoverable receivable.”

CRC Regulation 2002/03 amended by CRC Regulation No. 2005/03 calls for special treatment of some restructured loans. If the amount involved is significant, the restructured loans are isolated in a special category. In that case, the waiver of claims to the principal or interest, outstanding or accrued, as well as future interest differences, are immediately recognized through loss, then gradually reintegrated as the loan is paid down. The number of loans involved and amounts at stake are limited, and the calculation of a discount would not have a material impact on the financial statements for the year.

Note n° 1.3 *Securities transactions*

Statement of financial position items:

- "Government securities and equivalent"
- "Bonds and other fixed-income securities"
- "Equities and other variable income securities" include trading, available-for-sale and held-to-maturity securities, depending on their nature.

This classification results from the application of CRBF Regulation No. 90/01 amended by CRC Regulation No. 2000/02, which establishes guidelines for the classification of securities depending on their use.

Trading securities

This portfolio includes securities purchased or sold with the intention of a resale or repurchase within a short time period (typically less than six months) and that are negotiable on a market whose liquidity is assured. They are initially recognized at cost plus any acquisition costs and accrued interest. At the closing date, trading securities are measured at fair value. The net gains and losses from these changes in value are shown through profit and loss.

Available-for-sale securities

Available-for-sale securities are acquired with the intention of being held for more than six months in order to derive direct income or a capital gain. This holding period does not imply, for fixed-income securities, that they be held until maturity. Premiums or discounts recognized at the time fixed-income securities are acquired are spread over the life of the corresponding instrument, in accordance with the option offered by CRBF Regulation No. 90/01. At the close of the reporting period, an individual provision is recognized for unrealized capital losses on available-for-sale securities, adjusted for any impairment charges and net releases of differences described above. Unrealized capital gains are not recognized.

Held-to-maturity securities

This portfolio includes fixed-income securities acquired with the intention of being held for the long term, typically until maturity, and for which either matching long-term financing resources or a permanent interest rate hedge exist. The difference recorded between the acquisition cost and the redemption value is spread over the life of the security. No impairment charges are recognized for unrealized capital losses.

Treasury bills, marketable debt securities and interbank market instruments classified in the available-for-sale and held-to-maturity portfolios are recognized at cost, including accrued interest at the time of purchase. Interest income is calculated at the negotiated rate, while the amount of the premium or discount is amortized using the actuarial method.

Bonds included in the available-for-sale and held-to-maturity portfolios are recognized excluding accrued interest. Interest income is calculated at the nominal rate of the securities. When the acquisition price differs from the redemption value, this difference is amortized using the straight-line method and shown through profit or loss.

Securities denominated in foreign currencies are measured using the exchange rate on the closing date or the most recent date. Measurement differences are shown through profit and loss on financial transactions.

Reclassification of financial assets

In order to ensure greater harmonization and consistency with IFRS, the French National Accounting Council published Regulation 2008-17 of December 10, 2008 amending Regulation 90-01 of the French Banking Regulatory Committee related to the recognition of securities transactions. This regulation repeats the provisions of Opinion 2008-19 of December 8, 2008 relative to the reclassification of securities from the “trading securities” and “available-for-sale” categories.

The reclassification from the trading securities category to the held-to-maturity or available-for-sale categories is now possible in the following two cases:

- a) in extraordinary market situations that require a change in strategy
- b) when, following their acquisition, fixed-income securities are no longer traded on an active market, and if the institution intends and has the capacity to hold them for the foreseeable future or until maturity.

The effective date of the reclassification from the above-mentioned “trading securities” and “available-for-sale” categories may not be before July 1, 2008 and must be the same as that used for the institution in the consolidated financial statements.

At the close of the accounting period during which the reclassification from the “trading securities” and “available-for-sale” categories occurred, and at the end of each reporting period thereafter until such time as the securities are de-recognized from the statement of financial position through a sale, full redemption or impairment, the unrealized capital gain or loss that would have been shown through profit or loss if the trading security had not been reclassified or the unrealized capital loss that would have been shown through loss if the available-for-sale security had not been reclassified, as well as the profit, loss, income and expense shown through profit and loss are presented in the notes to the financial statements.

The impact of reclassifications executed in 2010 is presented in note 2.9.

Temporary sales of securities

Temporary sales of securities are designed to guarantee loans and treasury borrowings through securities. They generally take two distinct forms, depending on the legal mechanism used, namely:

- sale and repurchase agreements,
- securities lending and borrowing.

Sale and repurchase agreements consist legally of selling full ownership of the securities, with the buyer making an irrevocable commitment to retrocede them and the seller to repurchase them, at an agreed-upon price and date at the time the agreement is entered into. From an accounting standpoint, the securities given through a repurchase agreement continue to be recognized on their original line item and measured based on the rules of the portfolio in which they are classified. Meanwhile, the liability representing the amount deposited is recorded under liabilities. The receivable representing a repurchase agreement on securities received is recognized under assets.

Securities loans are consumer loans subject to the provisions of the French Civil Code, under which the borrower irrevocably commits to returning the borrowed securities at the end of the loan period. These loans are generally secured through a cash payment, which is held by the lender in the event of a default by the borrower. In that case, the transaction is likened to a sale and repurchase agreement and recorded as such for accounting purposes.

Note n° 1.4 *Options*

Premiums paid or received are recognized on the statement of financial position upon payment or deposit. At the time of settlement, they are immediately shown through profit or loss if they involve speculative transactions.

Premiums on unsettled options are measured at the close of the reporting period when they are traded on an organized market. The difference is shown through profit and loss.

Note n° 1.5 *Investments in equity interests*

Investments in subsidiaries and other equity interests are measured at cost. Individual impairment is recognized when their fair value, measured in relation to the net financial position and/or future outlook, falls below the acquisition price.

Note n° 1.6 *Non-current assets*

In accordance with CRC Regulation 2002-10, property and equipment is depreciated over the useful life corresponding to the asset's actual period of use and taking into account, where applicable, any residual value. In the event that components of an asset have different useful lives, each is recognized separately and depreciated accordingly. Unscheduled depreciation may be applied in cases authorized by regulations if the allowed useful life for tax purposes is shorter than the useful life of the asset or component.

When indications of impairment arise, such as a loss in market value, an asset's obsolescence or physical deterioration, changes in the asset's utilization methods, etc., an impairment test designed to compare the carrying value of the asset relative to its current value is performed. If an impairment charge is recorded, the depreciable basis of the asset is adjusted in advance.

Note n° 1.7 *Currency translation*

Receivables and payables as well as forward foreign exchange agreements recognized under off-statement of financial position commitments are converted using the market rate at the close of the reporting period, with the exception of items denominated in currencies participating in the single European currency, for which the official conversion rates were retained.

Property and equipment are recognized at cost. Financial assets are translated using the rate at the end of the reporting period (see comments in the previous notes).

Income and expenses denominated in foreign currencies are recognized on the income statement using the exchange rate on the last day of the month in which they were received or paid; accrued expenses and income not yet paid on the closing date are translated using the exchange rate on the closing date.

Unrealized and definitive capital gains and losses through currency translation are recognized at the end of each reporting period.

Note n° 1.8***Swaps***

Pursuant to Article 2 of CRBF Regulation No. 90/15, the bank may need to create three separate swaps portfolios depending on whether they have as their purpose (a) to maintain open and separate positions, (b) to hedge interest rate risk for a separate element or a set of similar elements, or (d) to enable the specialized management of a trading portfolio. The bank has no category (c) swaps portfolio, i.e. for the purpose of hedging overall interest rate risk.

In these conditions, transfers from one portfolio to the other are possible only as follows:

- Portfolio (a) to portfolio (b)
- Portfolio (b) to portfolios (a) or (d)
- Portfolio (d) to portfolio (b).

The fair value used to measure swaps for trading is based on the application of the discounted cash flow (DCF) method with a zero coupon yield curve. The fixed-rate branch is measured using the various maturities discounted on the basis of the yield curve, while the present value of the variable rate branch is measured on the basis of the current coupon applied to the notional value of the principal. The fair value is derived from the comparison of these two discounted values, after taking into account counterparty risk and future management fees. The counterparty risk is calculated in accordance with the provisions of Appendix 3 of CRBF Regulation No. 91-05 related to the solvency ratio, to which an 8% equity ratio is applied. The management fees are then determined by adding a 10% ratio to this equity amount.

Any compensatory payments received or paid at the end of the swap are shown through profit and loss on a pro rata temporis basis over the life of the swap. In the event of an early cancelation of the swap, the compensatory payment received or paid is immediately recognized in income, unless the swap was initiated as a hedging transaction. In that case, the compensatory payment is shown through profit or loss based on the life of the initially hedged item.

In order to measure and monitor risk exposure from these transactions, overall sensitivity limits including interest rate and currency swaps are set by activity. These positions are regularly disclosed to the bank's executive body, as defined by Article L 511-13 of the French Monetary and Financial Code.

Note n° 1.9***Commitments for retirement, departure and long service awards***

The recognition and measurement of retirement and similar commitments are consistent with Recommendation No. 2003-R01 of the French National Accounting Council. The discount rate used is based on long-term government securities.

Employee pension plans

Pension plans are administered by various institutions to which the bank and its employees make periodic contributions.

These contributions are recognized as expenses during the year in which they are due.

In addition, employees of Caisse Fédérale du Crédit Mutuel Centre Est Europe receive a supplementary retirement benefit plan financed by the employer through two insurance contracts. The first contract, authorized under Article 83 of the French General Tax Code (CGI), is for a defined contribution points-based capitalization plan. The second, authorized under Article 39 of the tax code (CGI), is a supplementary defined benefit plan on the B and C tranches. The commitments related to these plans are fully covered by established reserves. As a result, the employer has no residual commitment.

Departure and long service awards

Future departure and long service awards are fully covered by insurance policies subscribed with the “Assurances du Crédit Mutuel” insurance company. The annual premiums take into account vested rights as of December 31 of each year, weighted by employee turnover and life expectancy ratios.

The commitments are calculated using the projected unit credit method in accordance with IFRS. The factors taken into account include the INSEE TF 00-02 actuarial tables, employee turnover, future salary increases, social security rates and the discount rate.

Commitments related to vested rights acquired by employees as of December 31 are fully covered by reserves established with the insurance company. Departure and long service awards that have reached maturity and are paid out to the employees during the year are reimbursed by the insurance company.

Departure commitments are determined on the basis of a standard awards to employees who take retirement on their own initiative upon reaching age 62.

Note n° 1.10 *Fund for General Banking Risks*

Created by CRBF Regulation 90/02 related to shareholders' equity, this fund is the amount that the bank decides to allocate to general banking risks, which include its global interest rate and counterparty risk exposure.

The amounts allocated to this fund total €61.6 million, with no changes to this item recorded during the year.

Note n° 1.11 *Provisions*

Provisions allocated to asset items are deducted from the corresponding assets, which are therefore recognized at their net amount. Provisions related to off-statement of financial position commitments are recorded under risk provisions.

BFCM may be involved in a number of legal disputes; their ultimate outcome and financial consequences are regularly reviewed and, where necessary, allocations are made to provisions deemed necessary.

Note n° 1.12 *Corporate income tax*

BFCM is the lead company of a consolidated tax group established with some of its subsidiaries. It is solely responsible for paying the tax liability of these companies, additional company tax contributions and withholding tax for the tax group. The subsidiaries contribute to the tax payment as though no tax consolidation existed. In the event a company leaves the tax group, it would benefit statutorily from an indemnity corresponding to all tax surcharges resulting from its membership in the tax group.

The "Corporate income tax" item includes:

- corporate income tax due for the year and gains related to the tax consolidation, to which additional contributions are added;
- net additions to/releases from provisions related to the above-mentioned items.

The corporate income tax due for the year and additional contributions are determined in accordance with applicable tax regulations. Tax credits attached to income from movables are not recognized separately, but are deducted directly from the tax expense.

Tax provisions are calculated using the liability method, and take into account additional contributions depending on the respective maturities. They are not offset against any amounts due from the French Treasury.

Provision for deferred taxes on future earnings of certain Economic Interest Groups (Groupements d'Intérêt Economique – GIE)

A special provision for deferred taxes was established to offset the impact of net losses of some Economic Interest Groups. This provision for risks and charges is subsequently gradually released depending on the future taxable income of the Economic Interest Groups.

Provisions for taxes on lease agreements

These correspond to the future tax expense under Article 239 *sexies* of the French General Tax Code (CGI) on real estate lease agreements.

Certain tax adjustments on the corporate income tax due for the years 2001 to 2004 were notified to BFCM. Some of the grounds for these notifications are disputed; the resulting risk was covered through provisions recorded under liabilities on the statement of financial position.

Note n° 1.13 Consolidation

The company is fully integrated within the consolidation scope of CM5-CIC Group.

Note n° 1.14 Sites in non-cooperative countries and territories in the fight against tax fraud and evasion.

The bank has no directly or indirectly owned sites in countries or territories subject to Article L511-45 of the French Monetary and Financial Code.

2. NOTES TO THE STATEMENT OF FINANCIAL POSITION

The figures included in the following tables are expressed in €thousands

2.0 Changes in non-current assets

	Gross amount at Dec. 31, 2009	Acquisitions	Disposals	Transfers or Repayments	Gross amount at Dec. 31, 2010
FINANCIAL ASSETS	22,130,353	1,329,454	16,134	(2,089,013)	21,354,660
PROPERTY AND EQUIPMENT	8,527	4	21		8,510
INTANGIBLE ASSETS	3,000				3,000
TOTAL	22,141,880	1,329,458	16,155	(2,089,013)	21,366,170

2.1 Depreciation, amortization and impairment of non-current assets

DEPRECIATION AND AMORTIZATION

2009	Accum. deprec. & amortiz. at Dec. 31, 2009	Charges	Reversals	Accum. deprec. & amortiz. at Dec. 31, 2010
FINANCIAL ASSETS	0			
PROPERTY AND EQUIPMENT	1,421	95	21	1,495
INTANGIBLE ASSETS	0			
TOTAL	1,421	95	21	1,495

IMPAIRMENT PROVISIONS

	Impairm. prov. at Dec. 31, 2009	Additions	Reversals	Impairm. prov. at Dec. 31, 2010
FINANCIAL ASSETS	20,450	46,510	13,932	53,028
PROPERTY AND EQUIPMENT	0			0
INTANGIBLE ASSETS	0			0
TOTAL	20,450	46,510	13,932	53,028

2.2 Analysis of receivables and liabilities by residual maturity

<u>ASSETS</u>	Three months or less	Between three months and 1 year	Between 1 year and 5 years	More than 5 years and perpetual	Accrued interest and interest due	TOTAL
DUE FROM CREDIT INSTITUTIONS						
Demand	2,079,018				12	2,079,030
Term	39,723,719	9,488,449	32,928,157	18,772,330	383,887	101,296,542
DUE FROM CUSTOMERS						
Commercial loans	461,109					461,109
Other customer loans	1,070,230	2,714,418	2,582,994	1,574,116	43,573	7,985,331
Current accounts in debit	274,455					274,455
BONDS AND OTHER FIXED-INCOME SECURITIES <i>including trading securities</i>	692,847	5,978,715	8,654,092	4,185,421	107,000	19,618,075 <i>0</i>
TOTAL	44,301,378	18,181,582	44,165,243	24,531,867	534,472	131,714,542

The maturity of non-performing loans is considered to be over 5 years.

<u>LIABILITIES</u>	Three months or less	Between three months and 1 year	Between 1 year and 5 years	More than 5 years and perpetual	Accrued interest and interest due	TOTAL
DUE TO CREDIT INSTITUTIONS						
Demand	30,521,333				276	30,521,609
Term	9,280,767	7,926,284	9,944,460	3,338,478	212,466	30,702,455
DUE TO CUSTOMERS						
Regulated savings accounts						
Demand						0
Term						0
Other liabilities						
Demand	2,726,777					2,726,777
Term	1,570,809	1,110,834	8,356,545	1,000,000	114,175	12,152,363
DEBT SECURITIES						
Retail certificates of deposit						0
Interbank instruments and money market instruments	17,328,191	8,286,588	1,328,224	4,346,038	125,043	31,414,084
Bonds	876,500	4,602,999	9,705,006	8,904,629	287,464	24,376,598
SUBORDINATED DEBT	50,000		2,100,000	6,050,000	72,108	8,272,108
TOTAL	62,354,377	21,926,705	31,434,235	23,639,145	811,532	140,165,994

2.3 Allocation of amounts due from credit institutions

DUE FROM CREDIT INSTITUTIONS	2010	Net change	2009
Demand	2,079,031	(512,376)	2,591,407
Term	101,296,541	(31,359,867)	132,656,408
Of which irrecoverable non-performing loans (Impairment provisions)	0 (0)	(287,538) 258,800	287,538 (258,800)

2.4 Allocation of amounts due from customers

	2010		
	Gross amount	Of which non-performing loans	Impairment provisions
excluding accrued income of €43,573 thousand on gross receivables			
<u>By major types of counterparties</u>			
. Companies	8,670,444	1,576	396
. Entrepreneurs			
. Individuals	5		
. Governments			
. Nonprofit institutions	7,269		
Total	8,677,718	1,576	396
<u>By business sector</u>			
. Farming and mining	5,270		
. Retail and wholesale	286,042		
. Industries	48,706		
. Business services and holding companies	1,232,688	1,576	396
. Services to individuals	95,736		
. Financial services	6,699,484		
. Real estate services	47,992		
. Transportation and communication	224,295		
. Unallocated and other	37,505		
Total	8,677,718	1,576	396
<u>By geographical region</u>			
. France	4,286,998	1,576	396
. Europe, excluding France	4,347,785		
. Rest of world	42,935		
Total	8,677,718	1,576	396
None of the non-performing loans is considered irrecoverable.			

2.5 **Amount of commitments in respect of fully consolidated subsidiaries and other long-term investments**

ASSETS

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
DUE FROM CREDIT INSTITUTIONS		
Demand	326,994	1,726,435
Term	54,917,956	41,916,304
DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	5,420,884	5,436,619
Current accounts in debit	636	36,282
BONDS AND OTHER FIXED-INCOME SECURITIES	13,245,476	14,349,696
SUBORDINATED RECEIVABLES	2,334,059	2,314,552
TOTAL	76,246,005	65,779,888

LIABILITIES

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
DUE TO CREDIT INSTITUTIONS		
Demand	16,858,971	5,241,774
Term	25,127,056	21,627,245
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand	418,130	323,062
Term	3,029,300	3,240,521
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and money market instruments	697,184	397,144
Bonds	2,174,230	1,674,913
Other debt securities		
SUBORDINATED DEBT	1,820,871	1,786,926
TOTAL	50,125,742	34,291,585

This table includes the commitments given to and received from fully consolidated subsidiaries and other long-term investments, which are included in the consolidation scope of the "Crédit Mutuel Centre Est Europe" group

2.6 Allocation of subordinated assets

	Amount at Dec. 31, 2010		Amount at Dec. 31, 2009	
	Subordinated amount	Of which non-voting loan stock	Subordinated amount	Of which non-voting loan stock
DUE FROM CREDIT INSTITUTIONS				
Term	1,344,614	20,677	1,317,405	12,450
Perpetual	291,000		291,000	
DUE FROM CUSTOMERS				
Other customer loans	700,000	700,000	700,000	700,000
BONDS AND OTHER FIXED-INCOME SECURITIES	1,429,370	101,714	1,419,667	101,891
TOTAL	3,764,984	822,391	3,728,072	814,341

2.7 Subordinated debt

	Subordinated Note 1	Subordinated Note 2	Subordinated Note 3	Subordinated Note 4	Subordinated Note 5	Subordinated Note 6
Amount	50,000	700,000	800,000	300,000	300,000	500,000
Maturity	June 29, 2011	July 19, 2013	Sept. 30, 2015	Dec. 18, 2015	June 16, 2016	Dec. 16, 2016
	Subordinated Note 7	Subordinated Note 8	Subordinated Note 9	Super subord. note		
Amount	1,000,000	1,000,000	1,250,000	2,300,000		
Maturity	Dec. 19, 2016	Oct. 22, 2020	Perpetual	Perpetual		
Terms	Subordinated loans and notes have a lower priority than all other debts as regards repayment, with the exception of non-voting loan stock. The super-subordinated notes have the lowest priority because they are expressly subordinated to all other debts of the company, whether unsecured or subordinated.					
Early repayment option	Not permitted during the first 5 years unless accompanied by an increase in capital. Not permitted for subordinated notes, except in case of redemption in the market or a takeover bid (cash or share exchange). Restricted with regard to super-subordinated notes because they are similar to Tier 1 capital.					

Subordinated debt amounted to €8,272,108 thousand (including accrued interest).

2.8 Securities investments - Breakdown between trading, available-for-sale and held-to-maturity

	Trading	Available for sale	Held to maturity	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT		2,150,661	51,041	2,201,702
BONDS AND OTHER FIXED-INCOME SECURITIES		6,466,069	13,152,006	19,618,075
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		275,067		275,067
TOTAL	0	8,891,797	13,203,047	22,094,844

2.9 Securities investments - Reclassifications

	Held-to-maturity securities reclassified in 2008	Amount due at Dec. 31, 2010	Amount outstanding at Dec. 31, 2010	Unrealized loss (impairment) if there was no reclassification	Amount of recovery if there was no reclassification
AVAILABLE-FOR-SALE SECURITIES	1,318,640	756,239	562,401	29,003	14,828
TOTAL	1,318,640	756,239	562,401	29,003	14,828

In accordance with CRB (*Comité de la Réglementation Bancaire*, the French Banking Regulations Committee) Regulation 90-01 on accounting for security transactions, as introduced by CRC (*Comité de la Réglementation Comptable*, the French Accounting Regulations Committee) Regulation 2008-17 of December 10, 2008 with regard to reclassifications of securities from "trading securities" and from "available-for-sale securities" categories, BFCM did not make any such reclassification at December 31, 2010.

2.10 Securities investments - Differences between the acquisition price and the selling price of available-for-sale securities and held-to-maturity securities

SECURITY TYPE	UNAMORTIZED NET DISCOUNTS/PREMIUMS	
	Discount	Premium
AVAILABLE-FOR-SALE SECURITIES		
Bond market	25,831	41,543
Money market	448	49
HELD-TO-MATURITY SECURITIES		
Bond market	9,585	119
Money market	2	

2.11 Securities investments - Unrealized gains and losses

Amount of unrealized gains on available-for-sale securities:	336,773
Amount of unrealized losses on impaired available-for-sale securities:	228,093
Amount of unrealized losses on held-to-maturity securities:	79,022
Amount of unrealized gains on held-to-maturity securities:	146,639

2.12 Securities investments - Amount of receivables related to securities loaned

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
GOVERNMENT SECURITIES AND EQUIVALENT	0	0
BONDS AND OTHER FIXED-INCOME SECURITIES	0	0
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	0	0

2.13 Securities investments - Amount of assets and liabilities related to securities given under repurchase agreements

	Assets	Liabilities
DUE FROM CREDIT INSTITUTIONS		
Demand		
Term		
DUE FROM CUSTOMERS		
Other customer loans	5,332	
DUE TO CREDIT INSTITUTIONS		
Demand		
Term		
DUE TO CUSTOMERS		
Other liabilities		
Demand		
Term		5,332
TOTAL	5,332	5,332

The assets given under repurchase agreements represent:

- securities in the amount of €5,332 thousand

2.14 Securities investments - Allocation of bonds and other fixed-income securities by issuer

	Issuer		Accrued income	TOTAL
	Government agencies	Other		
GOVERNMENT SECURITIES, BONDS AND OTHER FIXED-INCOME SECURITIES	2,277,752	19,398,263	143,762	21,819,777

2.15 Securities investments - Breakdown between listed and unlisted

	Amount of listed securities	Amount of unlisted securities	Accrued income	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	2,164,442	498	36,762	2,201,702
BONDS AND OTHER FIXED-INCOME SECURITIES	14,558,113	4,952,962	107,000	19,618,075
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	271,740	3,327		275,067
TOTAL	16,994,295	4,956,787	143,762	22,094,844

2.16 Securities investments - Information on UCITS

	French UCITS	Foreign UCITS	TOTAL
VARIABLE-INCOME SECURITIES - UCITS		49,466	49,466

	Capitalization UCITS	Distribution UCITS	TOTAL
VARIABLE-INCOME SECURITIES - UCITS	49,466		49,466

2.17 Securities investments - Investments in subsidiaries, associates, and other long-term investments in credit institutions

	Amount invested in credit institutions at Dec. 31, 2010	Amount invested in credit institutions at Dec. 31, 2009
SUBSIDIARIES AND AVAILABLE-FOR-SALE SECURITIES	1,455,646	884,850
ASSOCIATES	3,729,266	3,292,119
TOTAL	5,184,912	4,176,969

2.18 Securities investments - information on available-for-sale securities

The amount of available-for-sale securities at December 31, 2010 was €1,783 thousand.

2.19 Associates that are unlimited liability corporations

Business name	Registered office	Legal form
REMA	STRASBOURG	French general partnership (SNC)
CM-CIC FONCIERE	STRASBOURG	French general partnership (SNC)
STE CIVILE GESTION DES PARTS DANS L'ALSACE	STRASBOURG	French investment trust (SCP)
SPRING RAIN	PARIS	French economic interest group (GIE) with capital
VENTADOUR LEASE III Ter	STRASBOURG	French economic interest group (GIE) with capital
VULCAN ENERGY	PARIS	French economic interest group (GIE) with capital

2.20 **Reserves**

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
LEGAL RESERVE	119,795	107,795
REGULATORY AND CONTRACTUAL RESERVES	951,466	891,466
REGULATED RESERVES		
OTHER RESERVES	9,495	9,495
TOTAL	1,080,756	1,008,756

2.21 **Set-up costs, research and development costs and business goodwill**

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
SET-UP COSTS		
Organization costs		
Start-up costs		
Capital increase and other costs		
RESEARCH AND DEVELOPMENT COSTS		
BUSINESS GOODWILL		
OTHER INTANGIBLE ASSETS	3,000	3,000
TOTAL	3,000	3,000

2.22 **Receivables eligible for refinancing with a central bank**

At December 31, 2010, loans to customers eligible for refinancing with central banks amounted to €301,913 thousand.

2.23 **Accrued interest receivable or payable**

	Accrued interest receivable	Accrued interest payable
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ASSETS

CASH AND AMOUNTS DUE FROM CENTRAL BANKS AND POSTAL OFFICE BANKS

GOVERNMENT SECURITIES AND EQUIVALENT 36,762

DUE FROM CREDIT INSTITUTIONS

Demand 12

Term 383,887

DUE FROM CUSTOMERS

Commercial loans

Other customer loans 43,573

Current accounts in debit

BONDS AND OTHER FIXED-INCOME SECURITIES 107,000

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

INVESTMENTS IN SUBSIDIARIES AND AVAILABLE-FOR-SALE SECURITIES

INVESTMENTS IN ASSOCIATES

LIABILITIES

DUE TO CENTRAL BANKS AND POSTAL OFFICE BANKS

DUE TO CREDIT INSTITUTIONS

Demand 276

Term 212,466

DUE TO CUSTOMERS

Regulated savings accounts

Demand

Term

Other liabilities

Demand

Term 114,175

DEBT SECURITIES

Retail certificates of deposit

Interbank instruments and money market instruments 125,043

Bonds 287,464

Other debt securities

SUBORDINATED DEBT 72,108

TOTAL	571,234	811,532
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2.24 **Other assets and other liabilities**
OTHER ASSETS

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
CONDITIONAL INSTRUMENTS PURCHASED	3,370	5,007
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	36,127	90,049
SUNDRY DEBTORS	1,669,615	2,598,965
CARRY BACK RECEIVABLES		35,071
OTHER STOCK AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	1,709,112	2,729,092

OTHER LIABILITIES

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
OTHER DEBTS ON SECURITIES		
CONDITIONAL INSTRUMENTS SOLD	3,494	5,180
DEBTS ON TRADING SECURITIES		
<i>of which debts on securities borrowed</i>		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	11,594	75,843
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP	188	
SUNDRY CREDITORS	428,377	1,046,962
TOTAL	443,653	1,127,985

2.25 **Accruals**
ASSETS

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
HEADQUARTERS AND BRANCH - NETWORK		
COLLECTIONS		
OTHER ADJUSTMENTS	5,829	23,629
SUSPENSE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS		
FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED LOSSES ON HEDGING CONTRACTS		
FORWARD FINANCIAL INSTRUMENTS SETTLED	42,153	10,580
DEFERRED CHARGES	154,727	241,931
PREPAID EXPENSES	19,237	7,007
ACCRUED INCOME	879,899	684,144
OTHER ACCRUALS	16,419	33,292
TOTAL	1,118,264	1,000,583

LIABILITIES

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
HEADQUARTERS AND BRANCH - NETWORK		
ACCOUNTS UNAVAILABLE DUE TO COLLECTION PROCEDURES	1,064	2,819
OTHER ADJUSTMENTS	262,832	603,780
SUSPENSE ACCOUNTS		
FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED GAINS ON HEDGING CONTRACTS		
DEFERRED GAINS ON UNSETTLED FORWARD CONTRACTS		
FORWARD FINANCIAL INSTRUMENTS SETTLED	153,689	177,485
DEFERRED INCOME	10,891	13,868
ACCRUED EXPENSES	932,102	925,735
OTHER ACCRUALS	113,590	403,023
TOTAL	1,474,168	2,126,710

Articles L441-6-1 and D441-4 of the French Commercial Code require companies to provide specific information on the maturity of amounts due to suppliers. The amounts due by our Company are immaterial.

2.26 Unamortized balance of the difference between the purchase price and the redemption price of debt securities

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
ISSUANCE PREMIUM ON FIXED-INCOME SECURITIES	105,446	99,441
REDEMPTION PREMIUMS ON FIXED-INCOME SECURITIES	29,043	6,404
TOTAL	134,489	105,845

2.27 Provisions

	Amount at Dec. 31, 2010	Additions	Reversals	Amount at Dec. 31, 2009	Reversal lag
PROVISION FOR SWAPS	53,464	13,248		40,216	< 1 year
PROVISION FOR TAXES	2,071		1,535	3,606	< 1 year
PROVISION FOR REGULATED ACCOUNTS	0		2,535	2,535	
PROVISION FOR GUARANTEE COMMITMENTS	5,388		1,984	7,372	> 3 years
OTHER PROVISIONS	59,740	59,740	367	367	< 1 year
	120,663	72,988	6,421	54,096	

2.28 **Equivalent in euro of assets and liabilities denominated in non-euro zone currencies**

ASSETS

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
CASH AND AMOUNTS DUE FROM CENTRAL BANKS AND POSTAL OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT		
DUE FROM CREDIT INSTITUTIONS	10,485,957	7,377,954
DUE FROM CUSTOMERS	348,210	309,655
BONDS AND OTHER FIXED-INCOME SECURITIES	20,355	17,155
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	33,869	28,818
REAL ESTATE DEVELOPMENT		
SUBORDINATED LOANS		
INVESTMENTS IN SUBSIDIARIES AND AVAILABLE-FOR-SALE SECURITIES	1,121,345	849,121
INVESTMENTS IN ASSOCIATES		350
INTANGIBLE ASSETS		
PROPERTY AND EQUIPMENT		
OTHER ASSETS	9,172	180
ACCRUALS	94,545	119,097
TOTAL FOREIGN-CURRENCY DENOMINATED ASSETS	12,113,453	8,702,330
Percentage of total assets	8.32%	4.89%

LIABILITIES

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
DUE TO CENTRAL BANKS AND POSTAL OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS	5,659,371	4,787,439
DUE TO CUSTOMERS	3,684,294	4,709,417
DEBT SECURITIES	9,603,281	10,569,014
OTHER LIABILITIES	21,265	488
ACCRUALS	92,001	136,470
PROVISIONS	8,606	394
SUBORDINATED DEBT		
TOTAL FOREIGN-CURRENCY DENOMINATED LIABILITIES	19,068,818	20,203,222
Percentage of total liabilities	13.10%	11.35%

3. NOTES TO THE OFF-STATEMENT OF FINANCIAL POSITION ITEMS

3.1 Assets pledged as collateral for commitments

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
ASSETS PLEDGED FOR TRANSACTIONS ON FORWARD MARKETS	0	0
OTHER ASSETS PLEDGED	30,572,544	28,105,970
<i>of which to Banque de France</i>	21,582,540	16,967,955
<i>of which to Société de financement de l'économie française</i>	8,990,004	11,138,015
TOTAL	30,572,544	28,105,970

CM-CIC Covered Bonds (CM-CIC CB) is a 99.99%-owned subsidiary of BFCM. Its purpose is to issue, exclusively on behalf of its parent company, securities backed by mortgages and equivalent assets distributed through the Crédit Mutuel and CIC networks. Contractual provisions require BFCM to provide assets as a guarantee for the securities issued by CM-CIC CB, should certain events occur (such as a decline in ratings below a certain level or in the amount of mortgage loans). At 31 December 2010, this procedure had not been called upon.

3.2 Assets received as collateral

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
ASSETS RECEIVED IN PLEDGE FOR TRANSACTIONS ON FORWARD MARKETS		
OTHER ASSETS RECEIVED	1,778,442	2,254,093
<i>of which from Société de financement de l'économie française</i>	1,778,442	2,254,093
TOTAL	1,778,442	2,254,093

The bank obtains refinancing from Caisse de Refinancement de l'Habitat through the issuance of promissory notes secured by receivables, in accordance with Article L313-42 of the French Monetary and Financial Code. At December 31, 2010 assigned receivables totaled €5,324,974 thousand. The home loans securing these promissory notes are provided by the Crédit Mutuel Group, of which BFCM is a subsidiary. These loans amounted to €7,696,556 thousand at that same date.

3.3 Forward transactions in foreign currencies not settled at December 31

	Amount at Dec. 31, 2010 versus	Amount at Dec. 31, 2009 versus
FORWARD FOREIGN EXCHANGE TRANSACTIONS		
Euros receivable/foreign currencies payable	4,973,688	4,944,074
<i>of which currency swaps</i>	733,793	701,742
Foreign currencies receivable/euros payable	13,110,376	13,048,570
<i>of which currency swaps</i>	5,174,484	5,203,959
Foreign currencies receivable/foreign currencies payable	10,351,071	10,636,556
<i>of which currency swaps</i>		7,396,905
		7,426,991

3.4 Other forward transactions not settled at December 31

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
TRANSACTIONS INVOLVING INTEREST RATE INSTRUMENTS, CARRIED OUT ON REGULATED AND SIMILAR MARKETS		
Firm hedging transactions		
<i>of which sales of futures contracts</i>		
<i>of which purchases of futures contracts</i>		
Conditional hedging transactions		
Other firm transactions		
<i>of which sales of futures contracts</i>		
OTC TRANSACTIONS INVOLVING INTEREST RATE INSTRUMENTS		
Firm hedging transactions	185,968,026	151,941,467
<i>of which interest rate swaps</i>	181,631,861	146,945,064
<i>interest rate swaps denominated in foreign currencies</i>	4,336,165	4,996,403
<i>purchases of forward rate agreements</i>		
<i>sales of forward rate agreements</i>		
Conditional hedging transactions		
<i>of which purchases of swap options</i>		
<i>sales of swap options</i>		
<i>of which purchases of caps and floors</i>		
<i>sales of caps and floors</i>		
Other firm transactions	1,001,526	675,835
<i>of which interest rate swaps</i>	1,001,526	675,835
<i>interest rate swaps denominated in foreign currencies</i>		
Other conditional transactions		
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions	295,582	485,286
<i>of which purchases of foreign exchange options</i>	147,791	242,643
<i>sales of foreign exchange options</i>	147,791	242,643
OTC TRANSACTIONS INVOLVING INSTRUMENTS OTHER THAN INTEREST RATE INSTRUMENTS AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions		47,722
<i>of which purchases of non-deliverable forwards</i>		23,867
<i>sales of non-deliverable forwards</i>		23,855
Conditional hedging transactions	7,154	7,154
<i>of which purchases of options</i>	3,577	3,577
<i>sales of options</i>	3,577	3,577

3.5 Analysis of forward transactions not yet settled by residual maturity

	Amount 2010			Amount 2009		
	0 - 1 year	1 - 5 years	> 5 years	0 - 1 year	1 - 5 years	> 5 years
FOREIGN CURRENCY TRANSACTIONS	25,182,243	3,494,032	2,925	19,807,055	5,565,271	0
TRANSACTIONS INVOLVING INTEREST RATE INSTRUMENTS, CARRIED OUT ON REGULATED MARKETS						
Firm transactions						
<i>of which sales of futures contracts</i>						
<i>of which purchases of futures contracts</i>						
Other firm transactions						
<i>of which sales of futures contracts</i>						
OTC TRANSACTIONS INVOLVING INTEREST RATE INSTRUMENTS						
Firm transactions	117,184,882	35,599,155	34,185,515	99,542,578	36,211,216	16,863,508
<i>of which swaps</i>	117,184,882	35,599,155	34,185,515	99,542,578	36,211,216	16,863,508
<i>purchases of forward rate agreements</i>						
<i>sales of forward rate agreements</i>						
Conditional hedging transactions						
<i>of which purchases of swap options</i>						
<i>sales of swap options</i>						
<i>of which purchases of caps and floors</i>						
<i>sales of caps and floors</i>						
Other conditional transactions						
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions	284,302	11,280		485,286		
<i>of which purchases of foreign exchange options</i>	142,151	5,640		242,643		
<i>sales of foreign exchange options</i>	142,151	5,640		242,643		
OTC TRANSACTIONS INVOLVING OTHER FORWARD INSTRUMENTS						
Firm transactions				47,722		
<i>of which purchases of non-deliverable forwards</i>				23,867		
<i>sales of non-deliverable forwards</i>				23,855		
Conditional transactions		7,154			7,154	
<i>of which purchases of options</i>		3,577			3,577	
<i>sales of options</i>		3,577			3,577	

3.6 Commitments in respect of fully consolidated subsidiaries and other long-term investments

Commitments given

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
Financing commitments		
Guarantee commitments	2,899,242	9,232,431
Foreign exchange commitments	3,590,779	2,911,185
Commitments on forward financial instruments	7,975,583	13,338,838
TOTAL	14,465,604	25,482,454

Commitments received

	Amount at Dec. 31, 2010	Amount at Dec. 31, 2009
Financing commitments		
Guarantee commitments	13,699	14,098
Foreign exchange commitments	3,568,357	2,824,151
Commitments on forward financial instruments	85,119	
TOTAL	3,667,175	2,838,249

This table comprises the commitments given and received in respect of fully consolidated subsidiaries and other long-term investments included in the consolidation scope of the "Crédit Mutuel Centre Est Europe" group

3.7 Fair value of derivative instruments

	Amount at Dec. 31, 2010		Amount at Dec. 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Interest rate risk - hedge accounting (macro-micro)				
Conditional or optional instruments			3	
Firm instruments other than swaps				
Embedded derivatives	80,457	153,317	110,967	90,065
Swaps	1,923,929	2,392,143	1,152,862	1,980,842
Interest rate risk - excluding hedge accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	92	186	103	91
Foreign exchange risk				
Conditional or optional instruments			3,949	3,949
Firm instruments other than swaps	17,370	20,291	6,862	8,227
Swaps	27,762	18,263	252,548	121,667

This note has been prepared in application of CRC Regulations 2004-14 to 2004-19, which require the disclosure of the fair value of financial instruments. The fair value of derivatives is determined on the basis of market value or, in the absence of a market value, using market models.

4. NOTES TO THE INCOME STATEMENT

4.1 Interest income and expense

	Income 2010	Income 2009
CREDIT INSTITUTIONS	5,246,565	7,235,143
CUSTOMERS	172,726	218,685
BONDS AND OTHER FIXED-INCOME SECURITIES	528,467	585,176
SUBORDINATED LOANS	97,666	113,650
OTHER SIMILAR INCOME	29,113	31,019
NET REVERSAL OF (ADDITION TO) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS	37	
NET REVERSAL OF (ADDITION TO) PROVISIONS ON OTHER SIMILAR INCOME		

TOTAL	6,074,574	8,183,673
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	Expenses 2010	Expenses 2009
CREDIT INSTITUTIONS	4,325,126	6,142,348
CUSTOMERS	402,223	313,735
BONDS AND OTHER FIXED-INCOME SECURITIES	963,408	1,208,363
SUBORDINATED DEBT	320,369	410,638
OTHER SIMILAR EXPENSES	27,995	3,929
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET ADDITION TO (REVERSAL OF) PROVISIONS FOR OTHER SIMILAR EXPENSES		

TOTAL	6,039,121	8,079,013
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4.2 Analysis of income from variable-income securities

	Amount 2010	Amount 2009
AVAILABLE-FOR-SALE EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	6,095	4,962
INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND SUBSIDIARIES	228,888	143,641
MEDIUM-TERM AVAILABLE-FOR-SALE SECURITIES		
TOTAL	234,983	148,603

4.3 Fees and commissions

	Income 2010	Income 2009
CREDIT INSTITUTIONS	10,109	268
CUSTOMERS	10,648	4,983
SECURITIES TRANSACTIONS	91	200
FOREIGN EXCHANGE TRANSACTIONS	9	3
FINANCIAL SERVICES PROVIDED	18,936	15,189
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS	68	168
OTHER	773	1,044
REVERSALS OF PROVISIONS RELATING TO FEES AND COMMISSIONS		14,000

TOTAL	40,634	35,855
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	Expenses 2010	Expenses 2009
CREDIT INSTITUTIONS	745	984
CUSTOMERS		
SECURITIES TRANSACTIONS	8,131	34,497
FOREIGN EXCHANGE TRANSACTIONS	1,184	1,287
FINANCIAL SERVICES PROVIDED	6,626	7,395
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		15,175
OTHER	923	1,103
ADDITIONS TO PROVISIONS RELATING TO FEES AND COMMISSIONS		

TOTAL	17,609	60,441
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4.4 Net gain (loss) on trading book securities

	Amount 2010	Amount 2009
TRADING SECURITIES	3,925	
FOREIGN EXCHANGE	6,119	2,559
FORWARD FINANCIAL INSTRUMENTS	(178)	299
NET REVERSAL OF (ADDITION TO) PROVISIONS	(13,175)	10,466

TOTAL	(3,309)	13,324
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4.5 Net gain (loss) on available-for-sale and equivalent securities

	Amount 2010	Amount 2009
ACQUISITION EXPENSES ON AVAILABLE-FOR-SALE SECURITIES	256	(120)
NET GAIN (LOSS) ON DISPOSALS	(2,642)	(25,238)
NET REVERSAL OF (ADDITION TO) PROVISIONS	(33,203)	145,609

TOTAL	(35,589)	120,251
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4.6 Other operating income and expense

	Amount 2010	Amount 2009
MISCELLANEOUS OPERATING INCOME	29,472	3,289
MISCELLANEOUS OPERATING EXPENSES	(61,514)	(26,246)
TOTAL	(32,042)	(22,957)

4.7 Operating expenses

	Amount 2010	Amount 2009
SALARIES AND WAGES	7,301	4,736
RETIREMENT BENEFITS EXPENSE	649	579
OTHER PAYROLL-RELATED EXPENSES	1,919	1,336
PROFIT-SHARING AND INCENTIVE PLANS	339	413
PAYROLL TAXES AND EQUIVALENT	1,216	793
OTHER TAXES AND DUTIES	8,294	9,533
EXTERNAL SERVICES	40,029	34,885
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO GENERAL AND ADMINISTRATIVE EXPENSES	(2,535)	(10,097)
REINVOICED EXPENSES	(6,969)	(5,699)
TOTAL	50,243	36,479

The total amount of direct and indirect remuneration paid in 2010 to directors and corporate officers of BFCM was €3,934,936 compared to €1,871,332 in 2009. No attendance fees were paid.

Individual right to training (DIF) hours earned by employees in accordance with Articles L933 to L933-1-6 of the French Labor Code totaled 2,732 hours.

Pursuant to Decree 2008-1487 of November 30, 2008 relating to statutory auditors, the fees paid for the statutory audit amounted to €443,007.82. Fees for directly-related advisory and other services totaled €1,236,234.04.

4.8 Net additions to/reversals from provisions for loan losses

	Amount 2010	Amount 2009
ADDITIONS TO PROVISIONS FOR RECEIVABLES	(386)	
REVERSALS OF PROVISIONS FOR RECEIVABLES	261,036	1,223
LOSSES ON IRRECOVERABLE RECEIVABLES COVERED BY PROVISIONS	(119,409)	
TOTAL	141,241	1,223

The main reversal for the year relates to the sale of Lehman Brothers receivables in the first half of 2010.

4.9 Net gain (loss) on non-current assets

	Amount 2010	Amount 2009
NET GAIN (LOSS) ON PROPERTY AND EQUIPMENT	3	
NET GAIN (LOSS) ON FINANCIAL ASSETS	8,841	(74,996)
REVERSALS OF (ADDITIONS TO) PROVISIONS FOR NON-CURRENT ASSETS	(32,578)	(3,476)
TOTAL	(23,734)	(78,472)

5.0 Breakdown of corporate income tax

	Amount 2010	Amount 2009
(A) TAX ON ORDINARY INCOME	31,712	(71,702)
(B) TAX ON NON-RECURRING ITEMS		
(C) EFFECTS OF TAX CONSOLIDATION	(43,455)	(34,824)
(A + B + C) INCOME TAX FOR THE YEAR	(11,743)	(106,526)
ADDITIONS TO PROVISIONS RELATING TO INCOME TAX		8,712
REVERSALS OF PROVISIONS RELATING TO INCOME TAX	(1,535)	(8,259)
TOTAL CORPORATE INCOME TAX FOR THE YEAR	(13,278)	(106,073)

5.1 Loss carryforwards

	Amount 2010	Amount 2009
ACCOUNTING LOSS - COMPANY		
TAXABLE LOSS CARRYFORWARD - COMPANY		
TAXABLE LOSS - CONSOLIDATED GROUP	44,680	246,770

FIVE-YEAR FINANCIAL SUMMARY

(amounts in €)

	2006	2007	2008	2009	2010
1. Capital at the reporting date					
a) Capital stock	1,302,192,250.00	1,302,192,250.00	1,302,192,250.00	1,302,192,250.00	1,302,192,250.00
b) Number of ordinary shares outstanding	26,043,845	26,043,845	26,043,845	26,043,845	26,043,845
c) Par value of shares	50 €	50 €	50 €	50 €	50 €
d) Number of preferred shares (no voting rights) outstanding					
2. Results of operations					
a) Net banking income, income from securities investments and other income	266,998,127.43	287,983,430.27	-21,567,381.78	339,294,315.93	222,520,610.80
b) Income before tax, profit-sharing, depreciation, amortization and provisions	218,866,113.79	330,939,819.96	489,733,977.32	48,974,566.71	284,102,040.62
c) Corporate income tax	25,161,694.01 (NB)	-4,036,425.35	-79,003,762.46	-106,072,636.66	-11,742,875.03
d) Profit sharing	25,856.64	66,099.08	65,584.31	217,872.50	93,768.43
e) Income after tax, profit-sharing, depreciation, amortization and impairment	209,112,479.74	254,274,957.81	-130,608,227.75	330,938,950.34	302,074,929.32
f) Earnings distributed	140,115,886.10	194,807,960.60	0.00	129,177,471.20	0.00
3. Earnings per share					
a) Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	7.38	12.71	21.75	5.95	11.36
b) Earnings after tax, profit-sharing, depreciation, amortization and provisions	8.03	9.76	-5.01	12.71	11.60
c) Dividend per share	5.38	7.48	0.00	4.96	0.00
4. Employees					
a) Average number of employees for the year	36	30	29	25	27
b) Payroll expense	5,009,659.15	5,656,716.16	5,624,329.26	4,736,290.22	7,300,519.96
c) Employee benefits (social security, benefit plans)	1,902,472.09	2,095,605.05	2,070,186.20	1,915,023.19	2,567,884.95

(NB) Pursuant to CRC (*Comité de la Réglementation Comptable*), the French Accounting Regulations Committee Regulation 2000-03, applied as from 2001, the amount of corporate income tax includes tax due for the year and movements on related provisions.

4.3 Information on subsidiary and associated companies

DETAILED INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER EQUITY INTERESTS WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF BFCM'S CAPITAL (€13,021,922.50)	Capital at last reporting date	Shareholders' equity other than capital and unappropriated earnings at last reporting date	Percentage of capital held at Dec. 31, 2010	Carrying amount of investment held at Dec. 31, 2010		Outstanding loans and advances granted by the Bank at Dec. 31, 2010	Guarantees and securities given by the Bank at Dec. 31, 2010	Revenue for the last reported year	Net income (loss) for the last reported year	Net dividends received by the Bank in 2010	Year ended:
				Gross	Net						
1) Subsidiaries (more than 50 %-owned) VENTADOUR INVESTISSEMENT 1, SA, Paris OM AKQUISITIONS GmbH, Düsseldorf OM-CIC COVERED BONDS, SA, Paris GROUPE REPUBLICAIN LORRAIN COMMUNICATION, SAS, Woippy CIC IBERBANCO, SA à Directoire et Conseil de Surveillance, Paris EBPA, SAS BANQUE DU CREDIT MUTUEL ILE-DE-France, SA, Paris BANQUE DE L'ECONOMIE DU COMMERCE ET DE LA MONETIQUE, BECM, SAS, Strasbourg SOCIETE FRANCAISE D'EDITION DE JOURNAUX ET D'IMPRIMES COMMERCIAUX "L'ALSACE", SAS, Mulhouse France EST, SAS, Houdemont CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris CARMEN HOLDING INVESTISSEMENT, SA, Paris GROUPE DES ASSURANCES DU CREDIT MUTUEL, SA, Strasbourg	558,000,000	-72,878,763	100.00	558,293,790	558,293,790	543,700,000	0	32,224,369	11,962,557	0	Dec. 31, 2010
	200,025,000	-8,569,000	100.00	200,025,000	200,025,000	5,030,200,000	0	23,689,000	15,691,000	0	Dec. 31, 2010
	120,000,000	1,200,000	100.00	119,999,980	119,999,980	8,120,000,000	0	1,300,000	200,000	360,000	Dec. 31, 2010
	1,512,400	77,820,403	100.00	94,514,159	94,514,159	11,716,609	0	3,999,607	477,741	0	Dec. 31, 2010
	25,143,000	45,554,000	100.00	84,998,448	84,998,448	6,000,000	0	19,030,000	-135,000	0	Dec. 31, 2010
	40,038,000	3,800	100.00	40,037,316	0	83,261,015	0	3,889,475	-42,117,043	0	Dec. 31, 2010
	15,200,000	3,847,372	100.00	19,040,589	19,040,589	0	0	84,454	27,523	66,500	Dec. 31, 2010
	96,864,800	364,634,324	96.11	177,150,790	177,150,790	6,436,093,252	2,460,000,000	504,984,612	68,364,652	19,740,288	Dec. 31, 2010
	10,210,200	10,542,467	95.60	15,945,250	13,794,250	5,467,945	0	1,546,786	-8,432,147	0	Dec. 31, 2010
	34,400,000	106,516,649	80.00	128,000,000	128,000,000	11,716,609	0	2,800,865	59,172	0	Dec. 31, 2010
	608,439,888	4,240,000,000	71.03	2,930,455,048	2,930,455,048	39,063,213,000	361,890,000	4,632,388,000	537,729,000	115,255,285	Dec. 31, 2010
	489,966,960	490,982,507	67.00	656,538,740	656,538,740	0	0	9,027	-4,259	0	Dec. 31, 2010
	1,116,793,000	1,486,117,000	52.81	974,660,599	974,660,599	0	0	1,803,000	244,804,000	58,394,782	Dec. 31, 2010
2) Associates (10% to 50% owned) BANCO POPULAR HIPOTECARIO OM-CIC LEASE, SA, Paris BANQUE de Luxembourg, Luxembourg SOCIETE DU JOURNAL L'EST REPUBLICAIN CLUB SAGEM, SAS, Paris BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Casablanca BANQUE DE TUNISIE, Tunis CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris 3) Other (less than 10% owned) BANCO POPULAR ESPAGNOL SICOVAM HOLDING, SA, Paris	176,050,000	81,710,000	50.00	312,500,000	312,500,000	30,000,000	0	2,476,710,000	5,420,000	0	Dec. 31, 2010
	64,399,232	50,664,118	45.94	47,778,610	47,778,610	2,171,830,420	29,042,000	378,276,815	8,855,431	3,716,976	Dec. 31, 2010
	104,784,000	418,589,000	27.63	144,746,191	144,746,191	0	0	196,109,000	61,604,000	8,434,100	Dec. 31, 2009
	2,400,000	-12,058,272	26.98	25,500,000	25,500,000	0	0	103,446,597	-4,186,246	0	Dec. 31, 2010
	162,508,911	79,665,194	25.26	101,004,463	101,004,463	0	0	111,501,016	107,721,883	0	Dec. 31, 2009
	1,587,514,000	5,733,473,000	25.00	1,028,024,461	1,028,024,461	0	0	3,713,830,000	502,929,000	7,549,870	Dec. 31, 2009
	112,500,000	266,092,000	20.00	91,418,621	91,418,621	0	0	132,904,000	66,081,000	3,324,620	Dec. 31, 2009
	199,928,000	7,489,000	16.96	35,889,307	35,889,307	324,077,607	0	1,738,837	114,000	88,956	Dec. 31, 2010
	137,530,000	8,775,630,000	5.00	298,161,710	298,161,710	0	0	141,848,210,000	590,160,000	0	Dec. 31, 2010
	10,264,764	527,394,812	2.50	14,545,687	14,545,687	0	0	5,850,831	5,865,208	256,800	July 31, 2010

(1) Statement of financial position and accounts have not been closed
 (2) Amounts in Moroccan dirhams
 (3) Amounts in Tunisian dinars

GENERAL INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER EQUITY INTERESTS	Capital at last reporting date	Shareholders' equity other than capital and unappropriated earnings at last reporting date	Percentage of capital held at Dec. 31, 2010	Carrying amount of investment held at December 31, 2010		Outstanding loans and advances granted by the Bank at Dec. 31, 2010	Guarantees and securities given by the Bank at Dec. 31, 2010	Revenue for the last reported year	Net income (loss) for the last reported year	Net dividends received by the Bank in 2010
				Gross	Net					
1) Subsidiaries not included in section A										
a) French subsidiaries (collectively) of which SNC Rema, Strasbourg				47,698,954	37,438,183	1,081,086,083	0			3,154,970
of which GIE Ventadour Bail III Ter, Strasbourg				304,883	304,883	0	0			57,197
b) Foreign subsidiaries (collectively)				15,230	15,230	0	0			0
2) Associates not included in section A				0	0					
a) French associates (collectively) of which Société de Gestion des Parts du Crédit Mutuel dans le Journal "L'Alsace", Société Civile, Strasbourg				19,592,695	19,580,115	206,933	0			1,416,277
b) Foreign associates (collectively)				6,003,519	6,003,519					
3) Other investments not included in section A				4,444,989	4,444,989	0	0			5,590,031
a) Other investments in French companies (collectively) of which GIE Vulcain Energie, Paris				19,959,155	19,392,355	405,000,000	22,452,000			1,290,101
b) Other investments in foreign companies (collectively)				1,757,696	1,757,696	0	0			0
				434,554	434,554	0	0			0

4.4 Statutory Auditors' reports on the annual financial statements

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the annual financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit

A unit of KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Statutory Auditor
Member of the Versailles regional
institute of accountants

ERNST & YOUNG and Others

41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable
(Simplified stock Company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2010

Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of BFCM, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010, and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1 to the financial statements regarding sets out changes in the accounting method and presentation relating to new laws and regulations applicable as from 2010, in particular CRC Regulation 2009-03 of December 3, 2009 relating to recognizing fees received by credit institutions and marginal transaction costs when loans are granted or acquired.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters :

- In the context of continued high volatility in the financial markets and the still uncertain environment, the company uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Note 1 to the annual financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.
- As stated in Notes 1 and 2.3 to the financial statements, the company records impairment losses and provisions to cover the credit risks inherent to its business. We examined the control systems applicable to the monitoring of credit risk, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risks.
- The company made other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of investments in non-consolidated companies and other long-term investments, and the assessment of retirement benefit obligations recognized and provisions for legal risks. We examined the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in Note 1 to the financial statements.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

As regards the information provided in accordance with article L.225-102-1 of the French Commercial Code on remuneration and benefits paid to corporate officers and commitments made in their favor, we verified the consistency of this information with the information given in the financial statements or with the data used to draw up the financial statements, and, if applicable, with the information received by the company from companies that control it or are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests mutual shareholders has been properly disclosed in the management report.

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011

French original signed by The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG and Others

Arnaud Bourdeille

Isabelle Santenac

Chapter V

CONSOLIDATED FINANCIAL STATEMENTS

5.1 Management report of BFCM

2010 economic review

2010 did not put an end to the financial and economic crises that we have seen since 2007. Instead, it was more a year of consolidation, with initial signs of a global recovery that benefited emerging economies more than the euro zone countries.

Except for China and India, which posted strong growth, most emerging economies reverted to rapid expansion with GDP growth rates exceeding 5%. Meanwhile, GDP growth in the United States came close to 3%.

With an average growth rate of 1.7%, Europe lagged far behind. Furthermore, this average does not reflect significant underlying disparities, in particular between Germany on the one hand and a number of Mediterranean countries such as Greece, Portugal, Spain and Italy on the other.

Moreover, the Euro zone's modest recovery remains highly vulnerable as it relies on stimulus policies implemented by their national authorities. These policies mainly involved supporting the financial systems and household consumption via fiscal spending.

However, the European governments had differing views about the crisis and sometimes took very different routes to cope with it.

If the urgency was to avoid a systemic meltdown, that at least was achieved. The policies have probably prevented the situation from worsening in the very short term. But these policies - even when they were temporarily necessary - quickly showed their limitations, because the fiscal support further widened already large deficits.

These economic policies compounded existing structural imbalances, thereby sparking market concerns about the ability of governments to address the situation adequately.

At the end of 2010, to avoid taking an ever slipperier road and to reassure the markets in which governments refinance their debt, these costly and ineffective measures to stimulate the economy through expenditure, which is incapable of creating sound growth, were wound up.

The disappearance of this driver of consumption-led growth may further weaken an already tentative and uncertain recovery.

The uncertainty is compounded by the stated resolve of governments to reduce the level of public debt not only by cutting operating expenses, but also by raising taxes. The combined effect of ending the consumption stimulus measures and higher taxes may abruptly deflate household purchasing power, which supports consumption. The room for maneuver is therefore small.

There is a real risk of seeing the economic and financial situation deteriorate in 2011. That is a source of concern for markets, as risk-averse investors might only agree to finance sovereign debt at higher rates, due to the increased perceived risk, which would only worsen the situation.

Such an attitude would lead to a disastrous chain reaction and have an increasingly negative impact on public finances. Public deficits would soar as a result of the interest payments on public debt, which would feed through to the rest of the economy and weigh on the economic and social climate in these countries.

The fiscal consolidation policies, which have become necessary for the credibility of governments, are overdue but come at a bad time. It is not certain that the Aid Fund that the EU countries want to set up to prevent some of them from defaulting will suffice to reassure markets or even effectively and sustainably substitute for them.

In the end, 2010 was a year of apparent recovery amid distrust and anxiety. In the financial year just ended, the balance sheets of banks reflected this recovery and improved after two difficult years.

Our group also benefited from this pick-up and its results were good considering the still very tentative improvement in the business climate. But these results also reflected the quality of our products and services, which are continuously being enhanced, good risk control and especially the loyalty of our member shareholders and customers, based on the everyday commitment of all employees and elected representatives.

Key financial points relating to the consolidated financial statements of Banque Fédérative du Crédit Mutuel

Pursuant to regulation (EC) 1606/2002 on the application of International Accounting Standards and regulation 1126/2008 on their adoption, the consolidated financial statements for the financial year have been prepared in accordance with the IFRS framework as adopted by the European Union as of December 31, 2010. This IFRS framework includes IAS 1 to 41, IFRS 1 to 8 and their SIC - IFRIC interpretations adopted as of that date. The summary statements are presented in accordance with CNC recommendation 2009-R.04.

Group activity and results

Analysis of the consolidated statement of financial position

The total IFRS consolidated statement of financial position of BFCM Group was €375.3 billion compared to €420.5 billion in 2009 (-11.2%).²

Financial liabilities measured at fair value through profit or loss amounted to €34.2 billion in 2010, against €47.8 billion in 2009. Those financial liabilities were mainly derivatives and other financial trading liabilities, as well as amounts due to credit institutions and measured at fair value through profit or loss.

The other liabilities due to credit institutions came to €38.2 billion, compared to €91.5 billion in 2009 (-58.7%).²

Issues of securities other than those measured at fair value through profit or loss totaled €94.6 billion, against €87.0 billion in 2009 (+ 8.8%). Interbank securities and negotiable debt securities accounted for the bulk of these, with an outstanding amount of €63.2 billion, followed by bond loans (€31.4 billion). The balance comprised short-term notes and various other securities.

The item "Due to customers" on the liabilities side of the statement of financial position is made up of customer savings deposits, including accrued interest. These deposits increased by 12.8%² to €107.3 billion in 2010³, confirming the significant recovery of savings-related inflows. The contribution of CIC entities alone represented 79% of this total, i.e. €91.3 billion, whereas Targobank contributed 8% (€8.8 billion), Cofidis Group €0.4 billion and Banco Popular Hipotecario (BPH) €0.8 billion.

Technical reserves of insurance companies, representing liabilities to policyholders, came to €55.4 billion, i.e. an increase of 8.7% over the previous year. The bulk of this amount (€51.3 billion) comprised customer savings entrusted to the life assurance companies of Groupe Assurance du Crédit Mutuel.

The non-controlling interests shown as liabilities (€3.2 billion at the end of 2010) mainly related to other Crédit Mutuel companies' shareholdings in Groupe des Assurances du Crédit Mutuel (GACM, of which they own 28% of the capital), external shareholders within CIC (8%) and the outside shareholders of the Cofidis Group (66%).

On the assets side, interbank investments declined by 38.1%² between 2009 and 2010 to €65.4 billion.

Total loans and receivables due from customers rose from €152.1 billion to €159.5 billion (+ 4.2%²)

Nearly 80% of all loans are granted through CIC entities. The loan portfolio of Targobank Germany stood at €10 billion, i.e. slightly more than 6% of total loans outstanding. Cofidis' loan portfolio amounted to 8 billion (5% of total loans outstanding) and BPH contributed €1 billion.

Financial instruments measured at fair value through profit or loss came to €40.1 billion, versus €51.6 billion in 2009.

Goodwill on the assets side (totaling €4.1 billion) mainly related to the acquisition of Targobank securities in December 2008 (€2.8 billion), the acquisition of a €0.4 billion stake in the Cofidis Group at the beginning of March 2009, CIC securities (residual goodwill of €506 million) and BPH securities for €183 million.

² 2010/2009 change on a comparable period and consolidation scope basis.

³ Customer deposits excluding SFEF (€9.0 billion).

Analysis of the consolidated income statement

Total net banking income grew by 1.0%⁴ to €8,481 million for the year ended December 31, 2010 compared to €7,908 million in 2009.

Net accounting income reached €1,751 million, against €1,029 million in 2009.

Net additions to/reversals from provisions for loan losses amounted to €1,214 million in 2010, compared to €1,892 million in 2009 (down by 39.8%)⁴.

Accordingly, as of December 31, 2010, the ratio of net additions to/reversals from provisions for loan losses to loans outstanding was 0.69%, against 1.04% at the end of 2009, and the overall non-performing loans coverage ratio was 68.17% as of December 31, 2010.

Breakdown by activity:

Description of the business lines

The selected businesses correspond to the organization of the BFCM Group. Please refer to Note 3 to the financial statements, which presents the selected groupings, as well as Note 2, which provides a detailed segment analysis of the statement of financial position and the income statement.

- Retail banking, the core business of the BFCM Group, comprises:
The BECM network, the network of CIC regional banks and that of CIC in Ile-de-France, the CIC Iberbanco branches, the Targobank Germany network, the Cofidis Group, the Banco Popular Hipotecario (BPH) network and all specialized activities for which the branch network handles product marketing: consumer credit, equipment leasing and leasing with purchase option, real estate leasing, installment vendor credit, factoring, fund management, employee savings, real estate.
- Insurance, with Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries, whose product marketing is performed by the retail network. The GACM companies do business in life and non-life insurance, insurance brokerage, reinsurance, remote surveillance and automobile maintenance financial cover.
- Corporate banking and capital markets comprises two activities:
The financing of large corporates and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and foreign branches; the capital markets activities of BFCM and CIC are consolidated under one roof, “CM-CIC Marchés,” with a single management team.
The capital markets activities are organized into three business lines: refinancing, commercial and proprietary trading. Transactions executed at two sites (Paris, Strasbourg) are recorded on the statement of financial position of:
 - * BFCM for the Refinancing business
 - * CIC for the Commercial and Proprietary Trading business.
- Private banking consists of all companies whose main purpose is private banking, both in France (CIC Banque Transatlantique, Dubly-Douilhet SA) and abroad (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private banking-Banque Pasche, Banque Transatlantique Belgium, Banque Transatlantique Londres).
- Private equity, a proprietary activity, is a major earnings contributor. At January 1, 2011, the entities performing this activity (CIC Finance, CIC Investissement, CIC Banque de Vizille et IPO) were consolidated within the CM-CIC Capital Finance division.
- The “Logistics, holding and other” division combines all other business activities not allocated to another business division as well as purely logistical entities: intermediary holding companies, operating properties integrated within specific companies, media.

⁴ 2010/2009 change on a comparable period and consolidation scope basis

Group commercial activities

The dynamic commercial momentum of the branch network, its proximity to customers and the quality of its offering resulted in:

- A net increase of 224,866 in the number of customers, to a total of 17,086,019;
- A €7.5 billion rise in customer loan outstandings (+4.2%)⁵ to €159.5 billion. Those of the banking networks increased by 5.4% to €116.8 billion, driven by residential housing loans (+9.3%) and equipment loans (+10.7%);
- A €26.5 billion increase (7.7%)⁵ in savings managed and held in custody, to €367.4 billion; deposits grew by 12.8% to €107.3 billion⁵;
- A 935,000 increase in the number of insurance policies (+4.6%), raising the portfolio to 21.1 million policies.

The portfolio of outstanding loans stood at €15.4 billion in corporate financing and at €6.1 billion in the private banking division.

Drawing on its technological expertise, the Group strengthened its positions in the fields of e-money management systems, flow management and mobile telephony.

This opens up many new opportunities that meet consumer expectations and generate income.

Retail banking

(in € millions)	31/12/2010	31/12/2009	Change % ⁵
Net banking income	6,293	5,787	+3.9%
Operating income before provisions	2,602	2,290	+6.3%
Income before tax	1,550	855	+73.0%
Net income	1,028	554	+76.7%

In retail banking, net banking income came to €6,293 million, against €5,787 million (+3.9%)⁵.

By tightly controlling general and administrative expenses at €3,691 million (+2.3%)⁵, the cost/income ratio improved by almost 2 points, from 60.4% to 58.7% at the end of 2010.

Net additions to/reversals from provisions for loan losses dropped significantly, by 31.7%⁵, to €1,076 million and income before tax amounted to €1,550 million compared to €855 million.

Insurance

(in € millions)	31/12/2010	31/12/2009	Change %
Net banking income	1,114	887	+25.6%
Operating income before provisions	767	546	+40.3%
Income before tax	764	567	+34.7%
Net income	595	412	+44.3%

Insurance revenue advanced to €8.9 billion, reflecting an increase of 14.6%, of which 19.3% in the "Life" segment.

Net banking income from insurance was €1,114 million in 2010, against €887 million in 2009, after paying €812 million by way of remuneration to the distribution networks (+10.6% compared to 2009). Income before tax was €764 million, versus €567 million.

⁵ 2010/2009 change on a comparable period and consolidation scope basis

Financing

<i>(in € millions)</i>	31/12/2010	31/12/2009	Change %
Net banking income	456	461	-1%
Operating income before provisions	376	384	-2%
Income before tax	341	225	+51.2%
Net income	236	151	+56.0%

Net banking income decreased from €461 million to €456 million for the year ended December 31, 2010.

Net additions to/reversals from provisions for loan losses dropped from €158 million in 2009 to €35.3 million in 2010 and income before tax increased by 51% to €341 million.

Capital markets

<i>(in € millions)</i>	31/12/2010	31/12/2009	Change %
Net banking income	618	1,072	-42.4%
Operating income before provisions	436	878	-50.3%
Income before tax	440	657	-33.1%
Net income	355	458	-22.7%

For the year ended December 31, 2010, net banking income was €618 million, compared to €1,072 million in 2009, an exceptionally strong year, and income before tax totaled €440 million, against €657 million.

Net additions to/reversals from provisions for loan losses represented a €221 million charge in 2009, compared to a €4 million write-back (income) in 2010.

Private banking

<i>(in € millions)</i>	31/12/2010	31/12/2009	Change %
Net banking income	404	397	+1.9%
Operating income before provisions	84	94	-9.8%
Income before tax	71	95	-25.5%
Net income	62	70	-11.8%

The key trading and performance indicators confirm the satisfactory sales performance and relatively stable results in 2010. Net banking income increased from €397 million in 2009 to €404 million in 2010, and income before tax decreased from €95 million in 2009 to €71 million in 2010.

Private equity

<i>(in € millions)</i>	31/12/2010	31/12/2009	Change %
Net banking income	191	49	NA
Operating income before provisions	155	21	NA
Income before tax	155	21	NA
Net income	153	20	NA

After a difficult year in 2009 for this business line, its net banking income reached €191 million in 2010 compared to €49 million in 2009 and its income before tax came to €155 million, against €21 million.

Investments in portfolio companies stood at €1.4 billion, of which more than €236 million was invested in 2010. The company has invested in almost 500 businesses through a portfolio of 519 investments totaling €1.6 billion.

As of January 1, 2011, the entities engaged in this business (CIC Finance, CIC Investissement, CIC Banque de Vizille and IPO) were merged into the CM-CIC Capital Finance division.

Logistics and holding*(in € millions)*

	31/12/2010	31/12/2009	Change % ⁶
Net banking income	(536)	(703)	+8.4%
Operating income before provisions	(851)	(751)	+11.8%
Income before tax	(966)	(916)	+4.8%
Net income	(677)	(637)	+5.1%

The negative net banking income of the Logistics and Holding division broke down as follows:

- The negative net banking income in the holding company activity (-€761 million), resulting from the cost of the shortfall in working capital of the business (-€288 million), the refinancing of Targobank (-€209 million), Targobank and Cofidis goodwill amortization (-€147 million), the CIC business development plans (-€75 million), the headquarter expenses recharged to Targobank and Cofidis, and dividends from shareholdings (+€26 million);
- The net banking income of the logistics and miscellaneous activities, which amounted to €224 million, compared to an expense of €1 million in 2009, including the trading margins of Groupe EBRA, Groupe Républicain Lorrain, Groupe L'Alsace and the net banking income of the Targobank and Cofidis logistics subsidiaries.

Section 2.1 “BFCM activities” (pages 14 to 23 of this document) in Section II – BFCM and Group business lines – is an integral part of the Board of Directors' report submitted to the Shareholders' Meeting.

The Board of Directors

5.2 Recent developments and outlook

The economic situation is uncertain. In France and elsewhere in Europe, structural reforms may take a back seat due to the lack of room to maneuver.

Our business will be very sensitive to the uncertainty governing the economic outlook.

The Group is pursuing:

- the commercial development of its network,
- the extension of its line of products and services in all its markets,
- its objective to deliver the best possible service to member-customers, individuals, associations, professionals and companies,
- its support for economic activity to satisfy the needs of its clients as closely as possible,
- the integration of recent acquisitions, including CIC Iberbanco, Targobank, the Cofidis Group and Banco Popular Hypotecario.

⁶ 2010/2009 change on a comparable period and consolidation scope basis

5.3 Risk Report

This section sets out the information required by IFRS 7 regarding risk exposures arising from financial instruments.

The figures provided in this section have been audited, except for those specifically marked with an asterisk(*), which have been checked for accuracy and consistency as stipulated in Article L.823-10 of the French Commercial Code, as has the rest of the management report.

The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.

The risk management department consolidates overall risk control and optimizes risk management as regards the regulatory capital allocated to each business and return on equity.

Contents:

- I) [Credit risk](#)
- II) [Asset-liability management \(ALM\) risk](#)
- III) [Capital markets risk](#)
- IV) [European solvency ratio](#)
- V) [Operational risk](#)
- VI) [Other risks](#)

[Credit risk](#)

The quantified information on credit risk is set out as follows:

- Customer lending risk: pages 103 to 107
- Interbank credit risk: page 108
- Risks related to negotiable securities, derivative instruments and securities lending: page 108 and 109

Credit risk is described in greater detail in Note 12 of the consolidated financial statements.

[1.1 - Organization of the lending unit](#)

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:

- loan origination procedures;
- risk monitoring and control and management of at-risk items.

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

[1.1.1\) Loan origination procedures](#)

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

Know-your-client

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

Risk assessment

Risk assessment draws on various analyses performed at different stages in the lending cycle including, in particular:

- customer ratings;
- risk groups;
- the weighting of products in accordance with the type of risk involved and collateral and guarantees pledged.

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

Customer ratings

In accordance with the applicable regulations, the rating is at the heart of the group's credit risk procedures: approval, payment, pricing and monitoring. As such, all approval powers are based on the counterparty's rating.

The internal system for rating the group's customers is based on the following principles:

- uniformity: a single calculation method is used for the entire group;
- exhaustiveness: all counterparties identified in the information system are rated;
- automation of the network: the information system automatically calculates a monthly initial rating that is updated daily through the transmission of risk warnings to determine the final rating;
- uniformity of the rating: the same algorithms are used throughout the group and are based on a market segmentation that is defined within the information system;
- standard reporting levels for all market segments (9 categories of performing customer loans and 3 categories of customer loans in default);
- recognition of risk groups.

The risk department's specialist staff, with the help of specialized teams, are responsible for ensuring, as often as required, that the algorithms are relevant. Generally speaking, the lending unit approves the internal ratings of all loan files that it handles.

Risk groups (counterparties)

Article 3 of CRBF regulation 93-05 states that individuals or legal entities that are related in such a manner that it is likely that if one of them encounters financial problems, the others would also encounter repayment difficulties, are considered as a single beneficiary.

The risk groups are established based on a procedure that incorporate the provisions of the above regulation.

Product and guarantee weightings

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

Credit approval procedure

This is essentially based on:

- a formalized risk analysis of the counterparty;
- the rating applied to the counterparty or group of counterparties;
- approval levels;
- the principle of dual review;
- rules for setting maximum discretionary lending limits in proportion to the lending bank's equity;
- remuneration adapted to the risk profile and capital consumption.

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

Approval levels

Network

The customer relationship manager is responsible for ensuring the exhaustiveness, quality and reliability of the information collected. In accordance with Article 19 of CRBF regulation 97-02, he compiles loan files intended to formalize all qualitative and quantitative information on all counterparties considered to the same beneficiary. He checks the reliability of the information gathered either from customers or from any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal. The rules defined in the "authority delegation, loan approvals and debtors" procedure are consistent with the Basel 2 guidelines and with the fundamental principles applied in all the Group's banks. Each customer relationship manager is responsible for any

decisions he takes or causes to be taken and is endowed with personal approval powers.

Approval powers reflect a range of commitment caps based on:

- the rating;
- the total amount of commitments for a given counterparty or risk group;
- any specific exclusions of approval powers;
- any guarantees eligible for inclusion when weighting the commitments concerned.

For loan files whose amount exceeds the above-mentioned personal approval powers, the decision falls to a Credit Approval committee whose operating rules are covered by written procedures.

Corporate and Investment Banking

Loan approval decisions are not made individually but by the Credit Approval Committee. Specific delegations of authority are granted to foreign branches.

Role of the lending unit

Each regional bank has a lending team that reports to Executive Management and is independent of the operational departments. It has two key roles and is therefore split into two independent teams, whose responsibilities are as follows:

- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken;
- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

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

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

Risk measurement

The BFCM Group uses an array of tools that provide an aggregated, static and dynamic view of:

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

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

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.

Its monitoring mechanism operates, independently from the loan origination process, in addition to and in coordination with the actions taken mainly by first-level control, permanent control and the risk department. The objective is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The “major risks” limits, determined based on the bank’s capital under CRBF regulation 93-05 in the case of regulatory limits, and based on capital and internal counterparty ratings in the case of internal limits, are monitored in accordance with the methods (including those covering frequency) defined in the procedures.

Breaches and abnormal movements in accounts are monitored by using advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit etc.), based on both external and internal criteria, in particular ratings and account histories. These criteria help to systematically flag loans for special handling as early as possible. This identification is automated, systematic and exhaustive.

[Permanent controls on commitments](#)

Second-level controls, performed by dedicated teams independent from the lending function, identify anomalies according to specific criteria and analyze at-risk loans each month; the appropriate remedial action is determined as a result.

An automatic analysis of some 20 ratios allows the bank to identify each month branches experiencing difficulties in managing their commitments and to take the appropriate timely action.

This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

[Identification of at-risk items](#)

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

[Transfer to non-performing, provisioning and reclassification as performing](#)

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

[Management of customers downgraded to non-performing or in litigation](#)

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

Reporting

[Risk Committee](#)

In accordance with the provisions of CRBF regulation 97-02, the various bodies concerned, notably the Risk Committee, are informed of changes in lending commitments at least once every quarter. In addition, they are informed of and participate in decisions on revisions to the various credit management measures.

[Information provided to management](#)

Detailed information on credit risks and related procedures is provided to management. This information is also submitted to a Risk Monitoring Committee that is responsible for examining the strategic challenges faced by the BFCM Group in terms of risks, in compliance with the provisions of the prevailing regulations.

1.2 - Quantified data

Summary credit-risk data (on- and off-statement of financial position)

Exposure

	At Dec. 31, 2010	At Dec. 31, 2010 at constant scope*	At Dec. 31, 2009
(in €million, year-end principal balances)			
Loans & receivables			
Credit institutions	64,022	63,994	105,214
Customers	165,167	164,150	157,192
Gross exposure	229,189	228,144	262,406
Impairment provisions			
Credit institutions	-350	-350	-520
Customers	-6,566	-6,562	-5,962
Net exposure	222,274	221,232	255,924

Source: Accounting - excluding repurchase agreements * excluding Banco Popular Hipotecario (BPH)

Exposure on commitments given

	At Dec. 31, 2010	At Dec. 31, 2010 at constant scope*	At Dec. 31, 2009
(in €million, year-end principal balances)			
Financing commitments given			
Credit institutions	1,720	1,720	1,472
Customers	41,047	40,920	38,147
Guarantee commitments given			
Credit institutions	5,061	5,061	4,198
Customers	9,035	8,970	12,381
Provision for risks on commitments given	138	138	141

Source: Accounting - excluding repurchase agreements * excluding Banco Popular Hipotecario (BPH)

1.2.1) Loans and receivables due from customers

Outstanding amounts

The total portfolio of customer receivables stood at €165.2 billion, up 4.4%** compared to 2009. It mainly comprises medium and long-term loans (medium and long-term loans on the statement of financial position increased by 8.5%). The year also saw a decline in cost of risk.

(** 2009/2010 change at constant consolidation scope)

Outstanding amounts in the statement of financial position

	At Dec. 31, 2010	At Dec. 31, 2010 at constant scope*	At Dec. 31, 2009
(in € million, year-end principal balances)			
Short term loans	52,578	52,309	53,655
Current accounts-debit balances	6,425	6,425	6,388
Commercial loans	4,307	4,243	3,941
Treasury facilities	41,557	41,353	43,105
Export credits	289	288	220
Medium- and long-term loans	102,613	101,876	93,871
Equipment loans	26,557	26,557	23,403
Home loans	61,298	60,640	56,408
Finance leases	8,011	7,965	7,358
Other	6,746	6,714	6,702
Total customer gross loans, excluding non-performing loans and accrued income	155,191	154,185	147,526
Non-performing loans	9,631	9,623	9,334
Accrued income	346	343	332
Total customer gross loans	165,168	164,150	157,192

Source: Accounting - excluding repurchase agreements *excluding Banco Popular Hipotecario (BPH)

At the end of 2010, the aggregate loan book includes the proportionately consolidated Banco Popular Hipotecario (BPH). For this entity, the outstanding amounts at the end of 2010 broke down as follows:

(in € million, year-end balances)	At Dec. 31, 2010 first-time consolidation	Relative weight at Dec. 31, 2010
Short term loans	269	26.7%
Current accounts in debit	0	0.0%
Commercial loans	65	6.4%
Short-term credit facilities	204	20.3%
Medium- and long-term loans	737	73.3%
Equipment loans	0	0.0%
Home loans	658	65.4%
Lease financing	46	4.6%
Other	33	3.3%
Total gross loans to customers, excluding non-performing loans and accrued income	1,006	100%
Non-performing loans	8	
Accrued income	3	
Total gross loans to customers	1,017	
Impairment provisions	4	

Unless otherwise specified, the comments, outstanding amounts and analyses set out below, except for points b) and g), do not include Targobank Germany, the Cofidis Group and BPH.

a) Quality of the portfolio

A well-rated customer base: on the internal rating scale, which has 12 ratings, customers in the best 8 categories accounted for 96.5% of the outstanding loans on the statement of financial position for individuals, 90% for professionals, and 92% for companies.

Breakdown by internal rating of performing outstanding loans to customers

Performing loans to customers by internal rating	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
A + and A-	27.7%	26.4%
B + and B-	31.1%	30.5%
C + and C-	26.7%	26.4%
D + and D-	12.1%	13.3%
E+	2.5%	3.4%

Source: Risk Management (excluding foreign branches and p+B23private banking)+B45

CM-CIC rating	Moody's equivalent	Standard & Poor's equivalent
A +	AAA to Aa1	AAA to AA+
A -	Aa2 to Aa3	AA to AA-
B +	A1 to A2	A+ to A
B -	A3 to Baa1	A- to BBB+
C +	Baa2	BBB
C -	Baa3	BBB-
D +	Ba1 to Ba2	BB+ to BB
D -	Ba3 to B1	BB- to B+
E+	B2 and <	B and <

b) Housing loans

During the financial year, housing loan outstandings increased by 8.7% and accounted for 40% of the total gross customer receivables on the statement of financial position. By definition made up of a very large number of customers, they are backed by real property sureties or first-class guarantees.

(in €million, year-end principal balances)	At Dec. 31, 2010	At Dec. 31, 2009
Home loans	61,298	56,408
Secured by Crédit Logement or Cautionnement Mutuel Habitat	21,062	17,563
Secured by mortgage or equivalent, low-risk guarantee	33,668	31,913
Other guarantees *	6,569	6,932

Source: Accounting * Other risk-level mortgages, pledges, etc., including new acquisitions

c) Breakdown of loans by customer type

Loans by customer type	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
Retail	63%	61%
Corporates	27%	28%
Large corporates	6%	8%
Specialized financing and other	3%	3%

Source: Risk Management

The breakdown of loans by type of customer takes into account all the entities of the BFCM Group located in France.

d) Geographical risk

98% of the identified country risk is in Europe.

With marginal exceptions, the country risk exposure of the portfolio is centered on France and the OECD countries.

Geographical breakdown of customer risk

	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
Customer credit risk by geographic region		
France	85%	85%
Europe, excluding France	13%	14%
Rest of the world	2%	2%

Source: Accounting, including new acquisitions

e) Concentration risk

At December 31, 2010, the top ten customer loans accounted for less than 6% of total on- and off-statement of financial position outstandings for the BFCM Group (€8.5 billion or 4.3%).

Concentration of customer risk

	At Dec. 31, 2010	At Dec. 31, 2009
Concentration of customer credit risk		
* Gross commitments in excess of €300 m		
Number of counterparty groups	33	26
Total weighted commitments (€m)	23,527	15,832
of which total statement of financial position (€m)	8,815	7,637
of which total off-statement of financial position guarantee and financing commitments (€m)	14,711	8,195
Total assets (current accounts, securities) (€m)	9,720	6,607
* Gross commitments in excess of €100 m		
Number of counterparty groups	86	68
Total weighted commitments (€m)	32,529	23,556
of which total statement of financial position (€m)	12,006	11,051
of which total off-statement of financial position guarantee and financing commitments (€m)	20,524	12,505
Total assets (current accounts, securities) (€m)	15,085	10,427

Source: SRC monthly table - Large Corporates. Scope: the BFCM Group.

f) Sector risk

Industry breakdown**

	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
K - Financial and insurance services	21.67%	32.19%
L - Real estate	19.35%	16.95%
C - Manufacturing	10.48%	10.39%
G - Car and motorcycle repairs	11.98%	10.30%
M - Professional, scientific and technical activities	8.94%	7.67%
F - Construction	9.03%	7.86%
H - Transportation and warehousing	2.75%	2.45%
I - Accommodation and food services	2.65%	2.18%
J - Information and communication	1.64%	2.12%
N - Administrative and support services	2.09%	2.12%
D - Gas and electricity production and distribution	1.32%	
Q - Human health and social services	3.31%	1.02%
A - Agriculture, forestry and fishing	1.45%	1.00%
Subtotal	96.66%	96.25%
NACE CODES (first level) <1% OF TOTAL NACE	3.34%	3.75%
Subtotal NACE	100.00%	100.00%

Source: Risk Management

** Breakdown based on INSEE segmentation of NACE codes.

g) Value at risk and cost of risk

Doubtful and non-performing loans amounted to €9,631 million as of December 31, 2010, against €9,335 million as of December 31, 2009, i.e. a rise of 3.1% at constant consolidation scope.

Doubtful and non-performing loans accounted for 5.8% of total customer loans on the statement of financial position, against 5.9% as of December 31, 2009.

As of December 31, 2010, the cost of specific customer risk represented 0.717% of the gross amount of customer outstandings compared to 0.946% as of December 31, 2009.

Quality of customer risks

Quality of customer credit risk (in €million, year-end principal balances)	At Dec. 31, 2010 (a)	At Dec. 31, 2010 at constant scope	At Dec. 31, 2009
Individually impaired receivables	9,631	9,623	9,335
Provision for individually impaired receivables	6,225	6,224	5,626
Provision for collectively impaired receivables	341	338	336
Coverage ratio	68.2%	68.2%	63.9%
Coverage ratio (provision for individual impairments only)	64.6%	64.7%	60.3%

Source: Accounting (a) including Targobank, the Cofidis Group and BPH

Outstanding loans to customers that have experienced payment incidents, without being downgraded into the non-performing category

2010

	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	1,698,804	17,746	3,173	1,452	1,721,175
Governments	5,360	0	0	0	5,360
Credit institutions	12,436	0	0	0	12,436
Non-financial institutions	8,720	0	0	0	8,720
Large corporates	272,464	4,960	776	0	278,200
Retail customers	1,399,824	12,786	2,397	1,452	1,416,459
Total	1,698,804	17,746	3,173	1,452	1,721,175

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

2009

	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	2,083,532	14,291	230	683	2,098,736
Governments	3,186	0	0	0	3,186
Credit institutions	16,891	0	0	0	16,891
Non-financial institutions	937	0	0	0	937
Large corporates	360,366	991	0	0	361,357
Retail customers	1,702,152	13,300	230	683	1,716,365
Total	2,083,532	14,291	230	683	2,098,736

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

1.2.2) Interbank loans *

Interbank loans by geographic region	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
France	28.5%	18.4%
Europe, excluding France	35.9%	44.3%
Other countries	35.6%	37.3%

Source: IFC - banks only, excluding Targobank and the Cofidis Group

The breakdown is based on the home country of the parent company.

At the end of 2010, exposures mainly relate to European banks (in particular France, Germany, and the United Kingdom). The exposure to the most troubled European banking systems continued to decrease. Exposures to other countries mainly relate to the major North American banks.

Structure of interbank exposure by internal rating

Interbank loans outstanding by internal rating	Equivalent external rating	At Dec. 31, 2010 in %	At Dec. 31, 2009 in %
A+	AAA /AA+	0.6%	1.5%
A -	AA/AA-	28.5%	5.5%
B+	A+/A	43.7%	45.9%
B -	A-	6.3%	24.4%
C and below	BBB+ and below	19.5%	21.5%
Not rated		1.4%	1.2%

Source: IFC - banks only, excluding Targobank and the Cofidis Group

The structure of BFCM's interbank exposure based on the internal rating changed substantially in 2010, with a significant increase in exposures rated A- (external equivalent AA/AA-) and a decrease in the exposures rated B- (external equivalent A-) or below. This is the direct result of the improving ratings of several large OECD banks, thanks to the recovery or stabilization of their fundamentals. Almost 79% of receivables are rated B or A, i.e. at least A- in equivalent external ratings, compared to 77% the previous year.

1.2.3) Sovereign risk

As of December 31, 2010, the exposure to sovereign risk comprised the following net risks: Italy (€5.8 billion), Greece (€0.6 billion), Portugal (€0.4 billion), Spain (€0.3 billion) and Ireland (€0.1 billion).

1.2.4) Debt instruments, derivative instruments and repurchase agreements

The securities portfolios are mainly held by the capital markets activity and, to a lesser extent, by asset-liability management unit.

* Figures not audited by the Statutory Auditors

Debt instruments (in €million, year-end principal balances)	Carrying amount at Dec. 31, 2010	Carrying amount at Dec. 31, 2009
Government securities	16,769	20,290
Bonds	71,054	68,477
Derivative instrumets	2,745	5,095
Repurchase agreements & securities lending	11,131	16,671
Gross exposure	101,699	110,533
Provisions for impairment of securities	-94	-85
Net exposure	101,606	110,448

Source: Accounting, including Targobank and the Cofidis Group

II) Asset-liability management (ALM) risk

2.1 Organization

The CM5-CIC group's asset-liability management functions, which were previously organized on a decentralized basis, are being gradually centralized.

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

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

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM5-CIC as a whole and for each of its component entities. The hedges are assigned to the entities concerned, in accordance with their needs.

The various asset-liability management risk indicators are also presented each quarter to the group risk committee.

Asset-liability management:

- is a distinct function from the dealing room, with its own resources;
- has key objectives to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest rate risk arising from the activity of the network;
- helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

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

2.2 Interest rate risk management*

Interest rate risk arising on the group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstandings on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

The management of interest rate risk arising on all operations connected with the banking network's business is analyzed and hedged overall based on the residual position in the statement of financial position using so-called macro-hedges. In addition, specific hedges may be established for customer loans involving a material amount or an unusual structure.

* Figures not audited by the Statutory Auditors

Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides on the hedges to be put in place and allocates them pro rata to the needs of each entity.

Interest rate risk is analyzed based on the main indicators below, which are updated each quarter:

a - **The static fixed-rate gap**, corresponding to items in the statement of financial position, both assets and liabilities, whose cash flows are considered to be certain over a horizon of 1 to 10 years, governed by limits from 3 to 7 years, measured by a net banking income ratio.

b – **The static “inflation” gap** over a horizon of 1 to 10 years.

c - **The sensitivity of the net interest margin**, calculated based on national scenarios and subject to limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity’s net banking income.

Four scenarios are calculated:

- a 1% increase in market interest rates and a 0.33% increase in inflation (core scenario);
- a 1% increase in market interest rates and stable inflation;
- a 2% increase in market interest rates and a 0.66% increase in inflation;
- a 3% increase in short interest rates, a 1% decline in long rates and stable inflation (stress scenario).

As of December 31, 2010, the net interest income of the BFCM Group and the CM5CIC Group was, under the core scenario, exposed to a drop in interest rates. For these two scopes of consolidation, interest sensitivities were similar:

- For the BFCM scope of consolidation (excluding the refinancing activity), the sensitivity was -€105.8 million in year 1 and -€127.1 million in year 2, equivalent to 2.5% and 2.8% of forecast net banking income for each year, respectively.
- For the scope of consolidation of the CM5CIC commercial bank (excluding the holding company), the interest sensitivity was -€127.6 million in year 1 and -€178.0 million in year 2, equivalent to 2.0% and 2.7% of forecast net banking income for each year, respectively.

The risk limits (3% of net banking income in one year and 4% in two years) applying to the commercial bank were complied with.

Indicators of sensitivity to rising interest rates in the CM5CIC commercial bank (excluding the holding company) were as follows:

Sensitivity in % of net banking income	1 year	2 years
Scenario 1	2.0%	2.7%
Scenario 2	2.9%	4.0%
Scenario 3	3.8%	5.2%
Scenario 4	2.6%	-0.8%

d - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel 2 indicator:

By applying to the whole statement of financial position a uniform 200bp increase or decrease it is possible to measure, as a percentage of equity, the change in the net discounted value of the main statement of financial position items based on various scenarios.

Sensitivity of Net Asset Value (NAV)	in % of equity
Sensitivity + 200 bps	-2.6%
Sensitivity - 200 bps	+9.0%

The BFCM Group: Interest rate risk - static fixed rate gap (in €m *)

MACRO-AGGREGATE	Amount outstanding at Dec. 31, 2010	1 year	2 years	5 years	10 years
INTERBANK ASSETS	57,403	2,295	1,515	894	762
LOANS	130,521	78,879	64,449	36,527	14,336
SECURITIES	5,174	1,426	1,409	960	315
LONG-TERM INVESTMENTS	19,720	15,974	15,974	15,847	15,136
OTHER ASSETS	11,178	215	215	215	215
Total assets	223,997	98,789	83,562	54,442	30,763
INTERBANK LIABILITIES	-68,574	-9,585	-5,634	-1,375	-214
DEPOSITS	-83,955	-42,238	-31,690	-18,199	-8,229
SECURITIES	-29,078	-17,574	-14,937	-7,423	-3
SHAREHOLDERS' EQUITY	-15,706	-15,706	-15,706	-15,706	-15,706
OTHER LIABILITIES	-11,461	-661	-661	-661	-661
Total liabilities	-208,775	-85,764	-68,628	-43,365	-24,814
Total statement of financial position	15,222	13,025	14,934	11,078	5,949
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL ASSETS	58,251	19,554	13,683	4,758	213
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL LIABILITIES	-64,566	-28,633	-25,928	-13,201	-985
Total off-statement of financial position	-6,315	-9,080	-12,245	-8,444	-772
Grand Total	8,908	3,945	2,690	2,634	5,177

* The figures have not been audited by the Statutory Auditors

2.3. Liquidity risk management

The BFCM Group attaches great importance to the management of liquidity risk.

The BFCM Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the 1-month liquidity ratio, which is representative of the Group's short-term liquidity situation;
- establishing the static liquidity gap, based on contractual and agreed maturities and incorporating off-statement of financial position commitments; transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years and are subject to target levels in order to lock in and optimize the refinancing policy;
- calculating the dynamic liquidity gap over five years, incorporating new loans granted, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- reviewing the impact of a stress scenario on the static gap and on the transformation ratios, notably involving a 30% decline in sight sources of funds and an increased drawdown of confirmed credit lines;
- the ALM technical committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated pro rata to the cumulative needs.

Breakdown of the BFCM Group's consolidated statement of financial position by residual maturity of future contractual cash flows (principal and interest).

2010	Residual contractual maturities							Total
	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	
<i>In € millions</i>								
Assets								
Trading financial assets	660	690	3,304	3,194	4,551	4,939	1,172	18,509
Financial assets at fair value through profit or loss	3,914	3,076	1,488	57	1,368	36	679	10,617
Derivative instruments used for hedging purposes - assets	10	4	8	16	58	31	6	134
Available-for-sale financial assets	581	428	1,859	3,772	10,680	8,618	3,219	29,157
Loans and receivables (incl. finance leases)	40,975	18,478	18,504	20,065	49,749	75,020	2,147	224,939
Held-to-maturity investments	7	43	30	27	268	623	0	998
Other assets	453	11,603	2,025	10	19	13	201	14,324
Liabilities								
Central banks deposits	11	7	24	2	0	0	0	44
Trading financial liabilities	636	119	1,111	693	2,870	1,875	0	7,305
Financial liabilities at fair value through profit or loss	9,919	7,999	7,168	0	0	0	0	25,086
Derivative instruments used for hedging purposes - liabilities	24	8	593	173	743	911	4	2,457
Financial liabilities carried at amortized cost	118,849	39,783	31,368	17,272	28,026	18,384	7,841	261,522

excluding insurance activities

2009								
Assets								
Trading financial assets	2,783	1,051	3,660	3,363	5,564	5,942	322	22,686
Financial assets at fair value through profit or loss	7,854	5,150	2,185	33	1,436	61	699	17,418
Derivative instruments used for hedging purposes - assets	12	1	546	14	43	30	1,016	1,662
Available-for-sale financial assets	702	571	2,982	2,869	12,147	10,068	3,507	32,846
Loans and receivables (incl. finance leases)	32,073	9,438	15,993	80,558	44,327	72,017	2,986	257,392
Held-to-maturity investments	1	0	600	77	292	622	0	1,592
Other assets	704	10,704	2,993	4	343	92	290	15,130
Liabilities								
Central banks deposits	260	0	1,004	0	0	0	0	1,265
Trading financial liabilities	801	211	1,301	932	2,722	3,809	8	9,784
Financial liabilities at fair value through profit or loss	15,870	14,293	7,892	0	0	0	0	38,055
Derivative instruments used for hedging purposes - liabilities	8	9	1,599	79	1,821	237	1,002	4,755
Financial liabilities carried at amortized cost	94,428	43,475	37,870	64,122	18,602	26,100	9,547	294,145

excluding insurance activities

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Comprises undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.

For marked to market financial instruments, also includes differences between fair value and redemption value.

2.4. Currency risk

Foreign currency positions are automatically centralized in the CIC holding company and in BFCM.

This centralization is performed daily for commercial transfers and for cash flows, both income and expenses, denominated in foreign currencies.

Any unrealized foreign currency gains and losses are translated into euros at the end of each month and the resulting foreign currency position is also centralized by the holding company.

As such, with the exception of certain long-term foreign currency private equity transactions, no group entity bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.

A specific foreign currency position limit is assigned only to the activities of *CM-CIC Marchés* and is managed by the entity itself.

The structural foreign currency positions arising from foreign currency advances made to foreign branches are not hedged.

Foreign exchange gains or losses are recognized in the asset or liability translation accounts and therefore do not pass through the income statement.

The profits or losses of the foreign branches are retained in the branches and thus add to the structural foreign currency position.

2.5. Equity risk

The BFCM Group has exposure to various types of equity risks.

Assets measured at fair value through profit or loss

Equities held in the trading portfolio amounted to €1,171 million at December 31, 2010 compared with €2,241 million at December 31, 2009 and solely concerned CIC's capital markets business (see note 5a to the consolidated financial statements).

Equities accounted for using the fair value option through profit or loss totaled:

- €1,789 million under the fair value option, of which €1,745 million represented outstandings in the private equity business (see note 5a to the consolidated financial statements).
- €7,863 million in equities held by the GACM insurance activity (see note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

Available-for-sale financial assets

Equities classified as available-for-sale and various long-term investments amounted to €5,059 million and €2,328 million respectively (see note 7 to the consolidated financial statements).

Long-term equity interests included:

- Investments in non-consolidated subsidiaries totaling €1,582 million and in associates totaling €371 million: the main holdings included Banca Di Legnano (€80 million), Foncières des Régions (€292 million) and CRH (Caisse de Refinancement de l'Habitat) (€35 million);
- Other long-term securities (€375 million), of which Veolia Environnement (€372 million).

Impairment of equities:

- Equity positions are reviewed to identify any impairment to be recognized for listed securities in the event of a significant or prolonged drop in their price below the acquisition cost;
- The resulting impairment charges amounted to €46 million in 2010, compared to €45 million in 2009;
- Accordingly, as at December 31, 2010, the acquisition value of shares impaired was €4,495 million and the corresponding impairment provision was €1,623 million.

Their market value was €2,873 million.

2.6. Private equity

The private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option.

The portfolios comprise around 500 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

	At Dec. 31, 2010	At Dec. 31, 2009
Number of listed investment lines	67	77
Number of unlisted, active investment lines	449	436
Revalued proprietary portfolio (€m)	1.638	1.641
Managed funds (€m)	723	704
Number of managed funds	32	38

III) Market risk

3.1 General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).

They are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's statement of financial position), commercial, and proprietary operations (recognized on CIC's statement of financial position).

Refinancing

A dedicated treasury management team is responsible for refinancing retail banking operations and subsidiaries, corporate and specialized financing, and proprietary transactions carried out by *CM-CIC Marchés*. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including *CM-CIC Covered Bonds*.

The products concerned consist mainly of monetary instruments and futures used to hedge interest rate and exchange rates.

In addition to the pure refinancing positions, this business also has a liquidity portfolio of available-for-sale securities, essentially comprising bonds issued by financial institutions and assigned a good credit rating (at least investment grade).

Commercial

The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. A dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") has been set up to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The business also involves the sale of investment products such as *Libre Arbitre or Stork* (commercial own account), which is aimed at corporates within CM-CIC's various networks as well as retail investors.

Proprietary operations

This business line is organized into four teams – equities/hybrid instruments, credit spreads, fixed income and volatility. These are called upon to create value in a disciplined risk environment and to drive commercial development.

3.2. Internal Control structures

In 2010, the internal control function pressed ahead with its drive to improve its organization and monitoring methodologies. It amended its procedures to take into account a unified system of limits incorporating the market activities of the branches, present a risk measurement in *VaR/stress-tests* in addition to the regulatory risk measurement (CAD and European Capital Adequacy under Basel II standards) and monitor warnings by specialty and activity.

A set of methodologies is formalized in a "body of rules". Regular updates throughout the year have included new products and improved the monitoring of risk measurement.

Capital markets activities are organized as follows:

- they are under the responsibility of a member of the Executive Board, who reports to CIC's Executive Board and BFCM's Board of Directors;
- the front-office units that execute transactions are segregated from those responsible for the monitoring of risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the group's risk division, which compiles management reports summarizing risk exposures and has BFCM's Board of Directors and CIC's Executive Board validate the level of capital allocated/consumed;
- the permanent controls system is based on first-level controls performed by three internal control teams:
 - the risks and results team validates production, monitors results on a daily basis and ensures compliance with

limits,

- a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,
- a *CM-CIC Marchés* team covering legal compliance is responsible for first-level legal issues;

- second-level controls organized around:

- capital markets businesses' permanent controls (CPMM), which reports to the permanent control department, supervises first-level permanent controls carried out by *CM-CIC Marchés* and conducts its own direct controls on activities,
- CIC's lending department, which monitors at-risk outstandings for each counterparty group,
- CIC's legal and tax department, which works with the *CM-CIC Marchés* capital markets legal team,
- CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;

- the CM5-CIC group's periodic controls team, which intervenes with specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.

A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of *CM-CIC Marchés* (in France and in the branches) in relation to the limits prescribed by CIC's Executive Board and BFCM's Board of Directors.

Chaired by the head of *CM-CIC Marchés*, it comprises the Vice President of CIC's Executive Board, the front office, post-market, back office and accounting and regulatory control managers, and the manager of the risk department and the group permanent control department.

3.3. Risk management*

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

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

The limits set are intended to cover various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk and for each desk.

Risks are monitored based on first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide an accessible overview of capital markets exposures for decision-makers.

Regulatory capital allocated to proprietary operations and commercial businesses in metropolitan France was reduced by 14% in 2010, as planned in 2009.

The capital consumed by the RMBS business conducted in the New York branch fell in line with the amortization of the portfolio securities managed on a run-off basis. Trading activities are maintained within reduced limits under the supervision of *CM-CIC Marchés*.

CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate warning limit, the two limits being set by the department and approved by the Executive Board. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal trading desk risks are as follows:

a) - Refinancing: BFCM's market risks are calculated based on the *CAD* and European Capital Adequacy requirement; they are generated by a possible exposure to interest-rate risk and to the credit risk of the liquidity portfolio. In 2010, the overall consumption of risk capital fell from €149.5 million to €99 million. The drop was largely attributable to European Capital Adequacy requirements, with *CAD* in respect of General Interest Rate Risk remaining below €10 million. The European Capital Adequacy decrease reflects improved banking counterparty ratings and the maturing of banking portfolio transactions during the first half of the year.

b) - hybrid instruments: opening at €100 million in January, risk capital consumption ended the year at €75 million due to the steady fall in exposures during the period, accentuated by the reductions in banking portfolio positions. Convertible bond holdings thus stood at €2.8 billion at December 31, 2010 (compared with €3 billion one year earlier);

* The figures have not been audited by the Statutory Auditors

c) - credit: these positions correspond to either securities/CDS arbitrages or to credit correlation positions (ItraXX/CDX tranches) or asset backed securities. CAD consumption of risk capital remained stable at around €24 million on the credit arbitrage portfolio during the first half, before easing to €17 million in December. The decline in credit risk (European capital adequacy) reflects the unwinding of certain positions classified in available for sale. As such, the European capital adequacy requirement eased to €19.5 million. The ABS portfolio followed the same trend with CAD consumption of risk capital around €49 million during the first half, followed by a fall to €38 million at the year end. As regards the credit correlation business, exclusively based on Itraxx/CDX tranches, risk fluctuated slightly; CAD capital requirements, which began the year at €10 million, rose to €14 million in December.

d) – M&A and miscellaneous equities: CAD equity risk consumption totaled €32 million at December 31, 2010. M&A outstandings totaled €283 million at end-December compared with €271 million one year earlier;

e) - fixed income: positions relate to yield-curve arbitrage, typically with an underlying, mainly European government security. There are also arbitrage transactions involving OECD government securities with identical maturities but different issuers, or with the same issuers but with different maturities. At year end, capital consumption based on the CAD measurement came to €51 million. Government securities totaled €9.5 billion at December 31, 2010 compared with €12.6 billion one year earlier.

3.4. Credit derivatives

These products are used by *CM-CIC Marchés* and are recognized in its trading portfolio.

Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the Lending Committees and Capital Markets Risk Committees.

IV.) Capital adequacy ratio*

Under Article 4.1 of CRBF regulation 2000-03 of September 6, 2000 on the prudential oversight of consolidated core capital and additional supervision, BFCM itself, as included in the CM5-CIC scope of consolidation, is not required to comply on a sub-consolidation basis with management ratios, or with the internal capital adequacy provisions of Article 17b of CRBF regulation 97-02. This exemption also applies to the Basel II requirements (see Article 1 of the CRBF ruling of February 20, 2007).

The following information (including information on the presentation of procedures and comments on operational risks) relates to CM5-CIC, the parent company.

Since January 1, 1996, market risks, mainly interest rate risk, foreign exchange risk, equity risk and settlement/counterparty risks assumed in the trading portfolio of banks are subject to specific capital requirements under the European capital adequacy directive (CAD).

The overall capital requirement is therefore equal to the aggregate of the capital required to cover all the weighted credit risks (excluding the trading portfolio), the capital required to cover market risks in the trading portfolio and the capital required to cover any major risks.

The Group calculates the capital requirement linked to market risks using the standard regulatory model. The capital adequacy ratio is 8% of net weighted risks.

Since January 1, 2008, the CM5-CIC Group has been subject to the capital adequacy ratio defined by the ministerial decree of February 20, 2007 (Basel II). As such, weighted risks must be equal to at least 80% of the risks calculated in accordance with CRBF regulations 91-05 and 95-02 (Basel I).

The overall capital adequacy ratio must be more than 8%. The regulatory ratios to which the group is subject were all met as at 31 December, 2010.

* The figures have not been audited by the Statutory Auditors

**Basel II solvency ratio - CM5-CIC Group
at December 31, 2010**

(in € millions)	At Dec. 31, 2010	At Dec. 31, 2010
TOTAL REGULATORY CAPITAL	19,406.8	17,329.5
Tier 1 capital	19,340.4	17,915.0
Tier 2 capital	4737.0	3600.0
Temporary deductions from Tier 1 capital	0.0	-585.5
Temporary deductions from Tier 2 capital	-4,670.6	-3,600.0
Tier 3 capital	0.0	0.0
CREDIT RISK CAPITAL REQUIREMENT	11,655.0	12,183.6
Weighted credit risk	145,687.3	152,294.5
. Central governments and central banks	146.5	220.2
. Institutions	8,177.1	9,598.1
. Corporates	71,167.7	72,629.5
. Retail customers	39,247.1	40,129.7
. Equities	8,206.9	8,333.2
. Other assets	18,742.0	21,383.8
MARKET RISK CAPITAL REQUIREMENT	346.6	322.4
OPERATIONAL RISK CAPITAL REQUIREMENT	1,181.4	1,154.5
FLOOR CAPITAL REQUIREMENT	1,209.2	241.9
Overall solvency ratio (including floor capital requirement)	10.8 %	10.0 %
Tier 1 ratio	10.8 %	10.0 %

Capital requirement = Risk-weighted assets X 8%

* Solvency ratio = Regulatory capital / Risk-weighted assets

V) Operational risk*

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel-CIC group has implemented a comprehensive operational risk management system under the responsibility of senior management. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.

The group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risk, disaster recovery plans and insurance taken out to cover these risks.

The system in place for measuring and monitoring operational risk is based on a common platform applied throughout the Crédit Mutuel-CIC group using an approach for identifying and modeling risks, whose aim is to calculate the level of capital required to be held in respect of operational risk.

Since January 1, 2010, Crédit Mutuel-CIC has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk, with the exception of the deduction of expected losses from its capital adequacy requirement and the taking into account of insurance, **for the consolidated group excluding the foreign subsidiaries, Factocic and Cofidis.**

Main objectives

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

- to contribute to the group's effective management by controlling risks and the associated costs;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and leverage skills group wide;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities, develop a reliable system of internal control (CRBF 97.02), optimize disaster recovery plans for mission-critical operations and adapt financial reporting (Third Pillar of Basel II).

Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk procedure and verifies that it is consistent with the national risk management policy.

Measurement and control procedure

For modeling purposes, the group relies mainly on the national database of internal losses, based on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.

Risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the Operational Risk Technical Committee. Capital adequacy requirements are calculated at national level and are then split at regional level.

Operational risk mitigation techniques include:

- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans, logistics and IT solutions for all mission-critical operations in order to limit the seriousness of any incident in the event of a crisis.

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

* The figures have not been audited by the Statutory Auditors

[Reporting and general oversight](#)

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

[Documentation and procedures](#)

The group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:

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

[Disaster recovery plans](#)

Disaster recovery plans are part of the back-up measures put in place by the group to limit any losses resulting from operational risk.

“Disaster recovery plan guidelines”, which are the Crédit Mutuel-CIC group reference document in this field, may be consulted by all teams concerned and are applied at the level of the regional groups.

Plans are classified into two categories:

- business-specific disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional disaster recovery plans relate to activities that constitute business support services (logistics, HR and IT issues).

Plans can be split into three components:

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

[Crisis management and its organization](#)

Crisis management procedures at the level of the group and the regions cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.

These procedures are based on:

- a Crisis Committee, chaired by the CEO of the bank at regional level or by the group CEO at national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team's work is putting in place a disaster recovery plan until business gets back to normal.

[Insurance deducted from equity](#)

Operational risk financing programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:

- insurance is taken out for insurable serious or major risks and self-insurance stepped up for losses below excess

levels and for intragroup risks;

- insurance is taken out for frequency risks when appropriate, or such risks are financed by withholding amounts on the operating account;
- serious risks that cannot be insured and the residual uninsured risk are recognized in the regulatory capital reserve;
- major risks arising from interbank exchange and payment systems are covered by liquidity reserves set up and allocated on an individual system basis.

The group has a series of insurance policies covering in particular damage to goods, specific banking risks and fraud, and professional third-party liability, which it aims to utilize to reduce the consumption of regulatory capital in respect of operational risks.

Training

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

The BFCM group's operational risk loss experience in 2010

The total amounted to €3.9 million in 2010, including €170.4 million of actual losses and €166.5 million of net reversals of provisions in respect of prior-year losses.

This total is analyzed as follows:

- fraud: €23.2 million;
- industrial relations: €2.7 million;
- human/procedural error: -€51.2 million;
- legal issues: €26.7 million;
- natural disasters and systems malfunctions: €2.5 million.

VD Other risks

Legal risks

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

Industrial and environmental risks

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

5.4 Consolidated financial statements

The financial statements are presented on the following pages.

IFRS consolidated financial statements of BFCM as of December 31, 2010

Consolidated statement of financial position (IFRS) at December 31, 2010 - Assets

In € millions	December 31, 2010	December 31, 2009	Notes
Cash and amounts due from central banks	6,543	8,054	4a
Financial assets at fair value through profit or loss	40,120	51,628	5a, 5c
Derivatives used for hedging purposes	134	1,710	6a, 5c
Available-for-sale financial assets	68,041	67,448	7, 5c
Loans and receivables due from credit institutions	65,415	105,547	4a
Loans and receivables due from customers	159,542	152,072	8a
Remeasurement adjustment on interest-rate risk hedged portfolios	580	522	6b
Held-to-maturity financial assets	8,926	7,672	9
Current tax assets	697	676	13a
Deferred tax assets	1,168	1,128	13b
Accruals and other assets	14,723	15,543	14a
Equity-accounted investments	1,589	615	15
Investment property	791	1,059	16
Property, plant and equipment	1,965	1,955	17a
Intangible assets	935	896	17b
Goodwill	4,096	3,990	18
Total assets	375,264	420,516	

Consolidated statement of financial position (IFRS) at December 31, 2010 - Liabilities and shareholders' equity

In € millions	December 31, 2010	December 31, 2009	Notes
Due to central banks	44	1,265	4b
Financial liabilities at fair value through profit or loss	34,194	47,839	5b, 5c
Derivatives used for hedging purposes	2,457	4,755	6a, 5c, 6c
Due to credit institutions	38,193	91,481	4b
Due to customers	116,325	105,649	8b
Debt securities	94,646	86,969	19
Remeasurement adjustment on interest-rate risk hedged portfolios	-1,331	-1,777	6b
Current tax liabilities	395	268	13a
Deferred tax liabilities	850	988	13b
Accruals and other liabilities	10,429	10,892	14b
Technical reserves of insurance companies	55,442	51,004	20
Provisions	1,420	1,074	21
Subordinated debt	8,619	7,819	22
Shareholders' equity	13,581	12,290	
. Shareholders' equity - Group share	10,430	9,409	
- Subscribed capital and issue premiums	1,880	1,880	23a
- Consolidated reserves	7,508	6,774	23a
- Unrealised or deferred gains and losses	-363	-53	23c
- Net income for the year	1,405	808	
. Shareholders' equity - Minority interests	3,151	2,881	
Total liabilities and shareholders' equity	375,264	420,516	

**CONSOLIDATED INCOME STATEMENT (IFRS) FOR THE YEAR ENDED
DECEMBER 31, 2010**

In € millions	2010	2009	Notes
Interest income	15,748	16,289	25
Interest expense	-10,915	-11,787	25
Commission income	3,098	2,965	26
Commission expense	-843	-850	26
Net gain (loss) on financial instruments at fair value through profit or loss	77	448	27
Net gain (loss) on available-for-sale financial assets	123	-37	28
Income from other activities	11,248	9,740	29
Expenses on other activities	-10,055	-8,860	29
Net banking income	8,481	7,908	
Operating expense	-4,613	-4,211	30a, 30b
Depreciation, amortization and provisions for non-current assets	-298	-237	30c
Gross operating income	3,570	3,461	
Cost of risk	-1,214	-1,892	31
Operating income	2,356	1,569	
Share of income/(loss) of affiliates	35	55	15
Gains or losses on other assets	8	3	32
Change in value of goodwill	-45	-124	33
Net income before tax	2,355	1,504	
Income tax	-604	-475	34
Net income	1,751	1,029	
Net income attributable to minority interests	346	221	
Net income - Group share	1,405	808	
Earnings per share (in €)*	53.93	31.02	35

* Basic and diluted earnings per share were identical

Net income and gains and losses recognized directly in shareholders' equity

In € millions	2010	2009	Notes
Net income	1,751	1,029	
Translation adjustments	0	-23	
Remeasurement of available-for-sale financial assets	-300	1,263	
Remeasurement of hedging derivative instruments	-45	-31	
Remeasurement of non-current assets	0	0	
Share of unrealized or deferred gains and losses of affiliates	21	6	
Total gains and losses recognized directly in shareholders' equity	-324	1,214	23c, 23d
Net income and gains and losses recognized directly in shareholders' equity	1,426	2,243	
including Group share	1,095	1,886	
including minority interests	332	357	

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.

STATEMENT OF NET CASH FLOWS

(in millions of euros)

	December 31, 2010	December 31, 2009
Net income	1,751	1,028
Income taxes	604	475
Income before income tax	2,355	1,503
+/- Net depreciation/amortization expense on property and equipment and intangible assets	294	252
- Impairment of goodwill and other non-current assets	2	1
+/- Net additions to provisions and impairment	154	1,565
+/- Share of income/loss of affiliates	-36	-45
+/- Net loss/gain from investment activities	-17	-3
+/- Income/(expense) from financing activities	0	0
+/- Other movements	-2,451	675
= Total non-monetary items included in income before tax and other adjustments	-2,054	2,445
+/- Cash flows relating to interbank transactions	-20,819	-18,030
+/- Cash flows relating to customer transactions	2,767	19,761
+/- Cash flows relating to other transactions affecting financial assets or liabilities	6,713	-10,393
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	322	-1,899
- Taxes paid	-557	-375
= Net decrease/(increase) in assets and liabilities from operating activities	-11,573	-10,935
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	-11,272	-6,987
+/- Cash flows relating to financial assets and investments in non-consolidated companies	-466	1,386
+/- Cash flows relating to investment property	-121	-191
+/- Cash flows relating to property, plant, equipment and intangible assets	-199	-345
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	-786	850
+/- Cash flows relating to transactions with shareholders	-182	-60
+/- Other net cash flows relating to financing activities	2,642	-618
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	2,460	-678
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	127	19
Net increase (decrease) in cash and cash equivalents	-9,471	-6,795
Net cash flows from (used in) operating activities	-11,272	-6,987
Net cash flows from (used in) investing activities	-786	850
Net cash flows from (used in) financing activities	2,460	-678
Impact of movements in exchange rates on cash and cash equivalents	127	19
Cash and cash equivalents at beginning of year	4,667	11,462
Cash accounts and accounts with central banks	6,790	11,172
Demand loans and deposits - credit institutions	-2,123	290
Cash and cash equivalents at end of year	-4,805	4,667
Cash accounts and accounts with central banks	6,499	6,790
Demand loans and deposits - credit institutions	-11,304	-2,123
CHANGE IN CASH AND CASH EQUIVALENTS	-9,471	-6,795

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions	Capital stock	Additional paid-in capital	Retained earnings ⁽¹⁾	Translation reserve	Unrealized or deferred gains and losses, net of tax	Net income attributable to equity holders	Equity attributable to equity holders	Non-controlling interests	Total consolidated shareholders'
Shareholders' equity at January 1, 2009	1,302	578	6,898	-45	-1,119	-12	7,631	1,922	9,553
Capital increase									
Appropriation of 2008 earnings			29			-29			-60
2009 dividend paid out of 2008 earnings									-60
Sub-total: movements arising from shareholder relations			29			-29			
Change of unrealised or deferred gains and losses recognized in shareholder's equity					1,059	-31	1,028	136	1,164
2009 net income						808	808	221	1,029
Subtotal					1,059	-31	1,836	357	2,193
Impact of changes in group structure			-113		50		-63	666	603
Translation adjustments				5			5	-4	1
Shareholders' equity at December 31, 2009	1,302	578	6,814	-40	-10	-43	9,409	2,881	12,290
Shareholders' equity at January 1, 2010	1,302	578	6,814	-40	-10	-43	9,409	2,881	12,290
Appropriation of 2009 earnings			808			-808			-182
2010 dividend paid out of 2009 earnings			-129				-129	-53	-182
Sub-total: movements arising from shareholder relations			679			-808	-129	-53	
Change of unrealised or deferred gains and losses recognized in shareholder's equity					-265	-45	-310	-14	-324
2010 net income					-265	1,405	1,405	346	1,751
Subtotal					-265	-45	1,095	332	1,427
Impact of changes in group structure			10				10	-20	-10
Translation adjustments				46			46	11	57
Other movements	0	0	0			0	-1		-1
Shareholders' equity at December 31, 2010	1,302	578	7,503	6	-275	-89	10,430	3,151	13,581

⁽¹⁾ Reserves at December 31, 2010 include a legal reserve of €120 million, regulatory reserves for a total of €951 million and other reserves amounting to €6,432 million.

NOTE 1: ACCOUNTING PRINCIPLES AND METHODS

1.1 Accounting reference framework

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2010 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2010. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 that replaced regulation 1725/2003. The entire framework is available on the European Commission's website at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The information on risk management required by IFRS 7 is shown in a specific section of the management report.

Standards and interpretations	Date of application in the EU	Consequences of application
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New accounting standards applied with effect from January 1, 2010

New standards		
IAS 27: Consolidated and Separate Financial Statements, and IFRS 3R: Business Combinations	06/15/2009 and 07/01/2009	Prospective application with effect from January 1, 2010
Amendments to existing standards		
IFRS 1: First Time Adoption of IFRS	11/29/2009	No impact
Improvements to IFRS	03/27/2010	No impact
IFRS 2: Group Cash-settled Share-based Payment Transactions	03/27/2010	No impact
IFRS 1: Additional Exemptions for First-Time Adopters	06/27/2010	No impact
Interpretations		
IFRIC 12: Service Concession Arrangements	03/29/2009	No impact
IFRIC 15: Agreements for the Construction of Real Estate	07/26/2009	No impact
IFRIC 16: Hedges of a Net Investment in a Foreign Operation	06/08/2009	No impact
IFRIC 17: Distributions of Non-cash Assets to Owners	11/30/2009	No impact
IFRIC 18: Transfers of Assets from Customers	12/04/2009	No impact

Standards and interpretations adopted by the European Union and not yet applied

Amendments to existing standards		
IAS 24 R: Related party disclosures	Mandatory application with effect from 01/01/2011	No material impact
IAS 32: Financial Instruments: Presentation	Mandatory application with effect from 01/01/2011	The amendment relates to the classification of issue rights: not relevant to CIC
Interpretations		
IFRIC 14: Amendment: Prepayments of a Minimum Funding Requirement	Mandatory application with effect from 01/01/2011	Not relevant to CIC
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	Mandatory application with effect from 01/01/2011	Not relevant to CIC

1.2 Scope and basis of consolidation

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IAS 27, IAS 28 and IAS 31.

The consolidation scope comprises:

- Entities under exclusive control: exclusive control is considered as being exercised in cases where the group holds a majority of the shares, directly or indirectly, and either the majority of the voting rights or the power to appoint the majority of members of the board of directors, executive board or supervisory board, or when the group exercises a dominant influence. Entities that are controlled exclusively by the group are fully consolidated.

- Entities under joint control: joint control is exercised by virtue of a contractual agreement, and is the shared control of an economic activity, irrespective of the structure or form under which that activity is conducted. Jointly-controlled companies are consolidated using the proportional method.

- Entities over which the group exercises significant influence: these are the entities that are not controlled by the consolidating entity, but in which the group has the power to participate in determining their financial and operating policies. The share capital of the entities in which the Group exercises a significant influence is consolidated using the equity method.

Entities controlled by the group or over which it exercises significant influence and which are not material in relation to the consolidated financial statements are not consolidated. This situation is presumed if the total statement of financial position or the income statement of an entity represents less than 1% of the related consolidated or sub-consolidated (if applicable) totals. This is a purely relative criterion: an entity may be included in the consolidated group regardless of the 1% threshold if it is regarded as a strategic investment given its activity or its development.

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities are conducted exclusively on behalf of the group; the group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE; the group has rights to obtain the majority of benefits; the group retains the majority of the risks related to the SPE).

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation and their value is accounted for under the fair value option.

❑ Changes in the scope of consolidation

Changes in the scope of consolidation as of December 31, 2010 were as follows:

- Entry into the scope of consolidation:

Banking network subsidiaries: Banco Popular Hipotecario (provisional name for the Crédit Mutuel / Banco Popular partnership), Banque Marocaine du Commerce Extérieur (BMCE).

Corporate finance and capital markets: Diversified Debt Securities SICAV-SIF, Divhold.

Private banking: Banque Transatlantique Singapore Private Ltd, Serficom Brasil.

Other companies: Cime & Mag, Distripub, Est Imprimerie, Europe Régie, Groupe Républicain Lorrain Communication (GRLC), Groupe Républicain Lorrain Imprimeries (GRLI), Imprimerie Michel, Inter'print, La Liberté de l'Est, L'Alsace, L'Alsace Magazines Editions, L'Alsace Multimédia Internet, Le Républicain Lorrain, Les Editions de l'Echiquier, Lumédia, Mediaportage, Républicain Lorrain Communication, Républicain Lorrain TV news, Républicain Lorrain voyages, Rhin Presse, Roto Offset Imprimerie, SCI L'Alsace, SCI Ecriture, SCI Gutenberg, SCI Roseau d'Or, Simply Web, Société Civile de Gestion des Parts dans l'Alsace (SCGPA), Société Française d'Edition de Journaux et d'Imprimés commerciaux L'Alsace (SFEJICA) and Sofiliest.

- Mergers / acquisitions:

Transatlantique Finance with BLC Gestion, CIC Investissement Alsace with CIC Finance, CIC Investissement Est with CIC Investissement, CIC Investissement Nord with CIC Investissement, Sodelem with CM-CIC Bail, and Crefidis with Cofidis.

Consolidation methods

The consolidation methods used are as follows:

❑ Full consolidation

This method involves substituting for the value of the shares each of the assets and liabilities of each subsidiary and recognizing the interests of non-controlling shareholders in shareholders' equity and in the income statement. This method is applicable to all entities under exclusive control, including those that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

❑ Proportionate consolidation

This method involves the consolidation by the consolidating entity of the representative share of its interests in the accounts of the consolidated entity, after restatements if necessary, so that no allowance is made for non-controlling interests. This method is applicable to all entities under joint control, including entities that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

❑ Consolidation using the equity method

This involves substituting for the value of the shares the Group's interest in the equity and in the earnings of the relevant entities. This method applies to entities over which the Group exercises significant influence.

Closing date

All Group companies falling within the scope of consolidation have a December 31 closing date.

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.

Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position.

Goodwill

❑ Measurement differences

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Any difference between carrying amounts and fair value is recognized as goodwill.

❑ Acquisition goodwill

In accordance with IFRS 3R, when the Bank acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at fair value net of selling costs. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".

If the group's stake in an entity it already controls increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies. Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R.

Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These impairment losses on goodwill – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

Non-controlling interests

These correspond to interests that do not provide control, as defined in IAS 27, and incorporate those instruments representing current ownership interests that entitle the owner to a pro rata share of the net assets of the entity in the event of liquidation, and other equity instruments issued by the subsidiary and not owned by the group.

1.3 Accounting principles and methods

IFRS offer a choice of accounting methods for certain items. The main options adopted by the Group relate to the following:

- The use of fair value or of remeasurement to assess the presumed cost of non-current assets at the time of translation. This option may apply to any tangible asset or intangible asset that satisfies the remeasurement criteria, or to any investment property valued on a cost basis. The Group has chosen not to adopt this option;
- The Group has not opted for the immediate recognition in shareholders' equity of actuarial gains and losses related to employee benefits;
- The Group has opted to re-set translation adjustments to zero in the opening statement of financial position.
- The valuation at market price of certain liabilities issued by the company and not included in the trading book.
- The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.
- The Group uses the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

1.3.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.

The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option).

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

The fair value of loans and receivables is disclosed in the notes to the financial statements at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

1.3.2 Impairment of loans and receivables, financing commitments and financial guarantees given, and available-for-sale or held-to-maturity instruments

□ Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under provisions in liabilities for financing and guarantee commitments.

Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

□ Collective impairment of loans

Customer loans that are not individually impaired are risk-assessed on the basis of loans with similar characteristics. This assessment draws upon internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, while any movements in impairment are included in “Net additions to/reversals from provisions for loan losses” in the income statement.

1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

❑ Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
 - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
 - the net carrying amount of the leased non-current assets;
 - the deferred tax provision.

❑ Finance leases – lessee accounting

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

1.3.4 Acquired securities

The securities held are classified into the three categories defined in IAS 39, namely financial instruments at fair value through profit or loss, financial assets held to maturity, and financial assets available for sale.

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

▪ *Classification*

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:

- a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
- b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. This option is designed to help entities produce more relevant information, by enabling:

- a. certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;
- b. a significant reduction in accounting mismatches regarding certain assets and liabilities;
- c. a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis.

This category mainly includes all securities held in the private equity portfolio.

- *Basis for recognition and measurement of related income and expenses*

Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value and in interest received or accrued on fixed-income securities are taken to the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”. Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are taken to income. Fair value also incorporates an assessment of counterparty risk on these securities.

- *Fair value or market value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction. The fair value of an instrument upon initial recognition is generally its transaction price.

If the instrument is traded on an active market, the best estimate of fair value is the quoted price.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.

A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm’s length basis.

If the market for a financial instrument is not active, fair value is established using a valuation technique.

Derivatives are remeasured based on available observable market data such as yield curves to which the bid/ask price is then applied.

A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

- *Criteria for classification and rules of transfer*

Market conditions may cause the Crédit Mutuel Group to review its investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39. Transfers to “Available for sale financial assets” or “Held to maturity financial assets” categories are authorized in exceptional circumstances. Transfers to the “Loans and receivables” category are contingent upon the Group's intention and ability to retain ownership of such securities in the foreseeable future or until maturity. The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

- *Available for sale financial assets*

- *Classification*

Available-for-sale financial assets are financial assets that have not been classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

- *Basis for recognition and measurement of related income and expenses*

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized or deferred gains or losses recognized in equity are only transferred to the income statement on the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under “Net gain/ (loss) on available-for-sale financial assets. Purchases and sales are recognized at the settlement date.

Income received or accrued from fixed-income available-for-sale securities is recognized in the income statement under “Interest income”. Dividend income relating to variable-income available-for-sale securities is taken to income

under “Net gain/ (loss) on available-for-sale financial assets”.

- *Impairment of available-for-sale debt instruments*

Impairment losses are recognized in “Net additions to/reversals from provisions for loan losses” and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Impairment of available for sale equity instruments*

An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) the existence of information on significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and which indicates that the cost of the investment may not be recovered.

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 24 consecutive months implies an impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

Impairment is recognized under “Net gain/ (loss) on available-for-sale financial assets” and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Criteria for classification and rules of transfer*

Fixed-income securities may be reclassified:

- Into “Held to maturity financial assets” in the event of a change in the management intention, and provided that they qualify for this category;
- Into “Loans and receivables” in the event of a change in the management intention, the ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;

In the event of transfer, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be written back.

In the event of a transfer of instruments with a fixed maturity from “Available for sale financial assets” to the “Held to maturity financial assets” or “Loans and receivables” categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In the case of a transfer of instruments without a fixed maturity date to the “Loans and receivables” category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

- *Held to maturity financial assets*

- *Classification*

Held-to-maturity financial assets are financial assets listed on an active market, with fixed or determinable payments that the group has the positive intention and ability to hold to maturity, other than those that the group has designated at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at the end of each reporting period.

- *Basis for recognition and measurement of related income and expenses*

Held-to-maturity investments are recognized at fair value upon acquisition. Transaction costs are deferred and included in the calculation of the effective interest rate, unless they are not material in which case they are recognized immediately through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the actuarial amortization of premiums and discounts corresponding to the difference between the purchase price and redemption value of the asset).

Income earned from this category of investments is included in “Interest income” in the income statement.

- *Impairment*

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

and receivables.

▪ *Criteria for classification and rules of transfer*

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.

Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39.

Furthermore, disposals or transfers of securities in this portfolio are very restricted, due to the provisions laid down in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

□ *Fair value hierarchy of financial instruments*

There are three levels of fair value of financial instruments, as defined by IFRS 7:

- level 1: prices quoted on active markets for identical assets or liabilities;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);
- level 3: data relating to the asset or liability that are not based on observable market data (non-observable data).

□ *Derivatives and hedge accounting*

▪ *Financial instruments at fair value through profit or loss - derivatives*

A derivative is a financial instrument:

- a) whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the “underlying”;
- b) which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;
- c) which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.

Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as fair value hedges or cash flow hedges, as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following three conditions:

- the hybrid instrument is not measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

▪ *Financial instruments at fair value through profit or loss - derivatives - structured products*

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.

There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.

The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the end of the reporting period. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products or by extrapolating quoted values. All these parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as “day one profit”. IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products with barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

▪ *Hedge accounting*

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues. Hedges of a net investment in a foreign operation are a special type of cash flow hedge.

At the inception of the hedge, the group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.

The ineffective portion of the hedge is recognized in the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

Fair value hedging instruments

The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item “Interest income, interest expense and equivalent - Hedging derivative instruments”, symmetrically to the interest income or expenses relating to the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item “Net gain (loss) on financial instruments at fair value through profit or loss” symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.

The hedge must be considered as “highly effective” to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item’s fair value or cash flows. The ratio between those two changes must be comprised between 80% and 125%.

If the hedging relationship is interrupted, or the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as

per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments - interest rate risk

The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios.

For each portfolio of assets or liabilities, the bank checks that there is no excess hedging, and does so by pillar business line and at each reporting date.

The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.

Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called "Remeasurement adjustment on investments hedged against interest rate risk", the counterpart being an income statement line item.

Cash flow hedging instruments

In the case of a cash flow hedge relationship, the gains or losses on effective hedging instruments are recognized in shareholders' equity under the line item "Unrealized or deferred gains and losses relating to cash flow hedging derivatives", while the ineffective portion is recognized in the income statement under the "Net gains and losses on financial instruments at fair value through profit or loss" heading.

The amounts recognized in shareholders' equity are carried to the income statement under the "Interest income, interest expense and equivalent" heading, at the same rate as the cash flows of the hedged item affect the income statement. The hedged items remain recognized in accordance with the specific provisions for their accounting category.

If the hedging relationship is interrupted, or if the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied. Cumulative amounts recognized in shareholders' equity as a result of the remeasurement of a hedging derivative, remain recognized in equity until the hedged transaction affects earnings or when it becomes apparent that the transaction will not take place. These amounts are subsequently carried to the profit and loss account.

Reclassifications of debt instruments

Fixed income securities or debt instruments valued at fair value through profit or loss can be reclassified into the following categories:

- i. "Financial assets held to maturity", only in rare cases, if management's intention has changed, and provided that they fulfill the eligibility conditions of this category;
- ii. "Loans and receivables" in the event of a change in management's intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they qualify for this category.
- iii. "Available for sale" only in rare cases;

Fixed income securities or debt instruments available for sale may be reclassified into the following categories:

- a- "Financial assets held to maturity", in the event of a change in management's intention or ability, and provided that they fulfill the eligibility conditions of this category;
- b- "Loans and receivables", in case the Group has the intention and ability to hold the financial assets in the foreseeable future or until maturity, and provided that they qualify for this category.

In the event of a reclassification, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be derecognized.

In the event of a transfer of debt instruments with a fixed maturity from the category "Financial assets available for sale" to the "Financial assets held to maturity" or "Loans and receivables" categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In case of a reclassification of debt instruments with no fixed maturity to the "Loans and receivables" category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

1.3.5 Debt represented by a security

Debt evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for their issue value minus, usually, the transaction costs.

These debt securities are subsequently measured at amortized cost using the effective interest method. Some “structured” debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably. The host contract is recognized at amortized cost at a later stage. Its fair value is determined based on quoted market prices or valuation models.

1.3.6 Subordinated debt

Term or perpetual subordinated debt is separated from debt securities, because their redemption, should the debtor enter liquidation, is only possible after all the other creditors have been paid. Such debt is valued at amortized cost.

1.3.7 Distinction between Debt and Shareholders’ equity

According to the IFRIC 2 interpretation, shares owned by member-shareholders are equity if the entity has an unconditional right to refuse the redemption, or if there are legal or statutory provisions prohibiting or seriously restricting the redemption. In view of the existing legal or statutory provisions, the shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group, are recognized in equity.

The other financial instruments issued by the Group qualify as debt instruments for accounting purposes, where there is a contractual obligation for the Group to provide cash to the security holders. This is in particular the case for all the subordinated securities issued by the Group.

1.3.8 Provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.

A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:

- Legal risk;
- Social commitments;
- Execution risk on off-statement of the financial position commitments;
- Litigation risk and guarantee commitments given;
- Tax risks;
- Risks related to home savings accounts and plans.

1.3.9 Amounts due to customers and credit institutions

Debt includes fixed-or determinable income financial liabilities. They are recognized at their market value when they are posted to the statement of financial position, and are subsequently valued at reporting date at amortized cost using the effective interest method, except for those that have been recognized under the fair value option.

❑ Regulated savings contracts

The “comptes épargne logement” (CEL – home savings accounts) and “plans épargne logement” (PEL - home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential home loan in a second stage. They generate two types of commitments for the distributing institution:

- A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);
- A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

These commitments have been estimated on the basis of customer behavior statistics and market inputs. A provision has been made on the liabilities side of the statement of financial position to cover future charges related to the potentially unfavorable conditions of such products, compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach results in the generation of homogeneous regulated terms for the PEL and the CEL. The impact on the income statement is recognized as “Interest paid to customers”.

1.3.10 Cash and cash equivalents

Cash and cash equivalents consolidate the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.

In the statement of cash flows, UCITS are classified as an “operational activity” and therefore do not need to be reclassified.

1.3.11 Employee benefits

Employee benefits are recognized in accordance with IAS 19. Social obligations are subject, where relevant, to a provision reported under the line item “Provisions for risks and charges”. A change in this item is recognized in the income statement under the “Employee expense” heading.

❑ Defined post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.

These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

- The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end
- The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features
- The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities
- Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end
- The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67.
- The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TH/TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.

The Group has opted for the immediate recognition of actuarial gains and losses in the income statement for the year, in the form of provisions not spread over the remaining working life of the employees. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

Supplementary benefits provided by pension funds

The AFB stepping stone agreement of September 13, 1993 modified the pension plans of credit institutions. Since January 1, 1994, all banks are members of the French pension plans of Arrco and Agirc. The four pension funds of which the Group's banks are members have been merged. They provide for the payment of the various charges required by stepping stone agreement, drawing on their reserves completed if necessary by additional annual contributions paid in by the member banks concerned and whose average rate over the next ten years is capped at

4% of the payroll expense. After the merger, the pension fund was transformed into an IGRS (public institution to manage additional retirement benefits) in 2009. It has no asset shortfall.

Other post-employment defined benefits

A provision is recognized for long service awards and supplementary retirement benefits, including special plans. They are valued on the basis of entitlements acquired by all the staff in active service, notably on the basis of staff turnover in the consolidated entities and the estimated future salaries and wages to be paid to the beneficiaries at the time of their retirement, increased where appropriate by social security contributions. The long service awards of the Group's banks in France are covered up to at least 60% by an insurance contract taken out with ACM Vie, an insurance company of the Crédit Mutuel Group, which is fully consolidated.

❑ Defined contribution post-employment benefits

The Group's entities contribute to a number of pension plans managed by organizations that are independent from the Group, for which the entities have no additional formal or implicit payment obligation, in particular if the assets in the pension plans are not sufficient to meet liabilities.

As these plans do not represent obligations of the Group, they are not subject to a provision. The related expenses are recognized in the financial year in which the contributions must be paid.

❑ Long-term benefits:

These are benefits to be paid, other than post-employment benefits and termination benefits, which fall due wholly more than 12 months after the end of the period during which the employee rendered the related service, for example work medals, time savings accounts, etc.

The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in the income statement for the accounting period, as the "corridor" method is not allowed.

Obligations in respect of work medals are sometimes covered by insurance policies. A provision is established only the uncovered part of these obligations.

❑ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM5 and CIC groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Life SA.

Employees of the CM5 group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire.

The total amount of the obligation was €670 million as of December 31, 2010, covered by technical reserves of €662 million and €31 million worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The obligation relating to this plan amounted to €256 million as of December 31, 2009, covered by €271 million worth of special technical provisions recognized on the liabilities side of the ACM Vie statement of financial position, including all beneficiaries.

❑ Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than twelve months after the reporting date.

❑ Short-term benefits

These are benefits payable within the twelve months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.

An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies including re-insurance contracts, whether issued or subscribed, and financial contracts including a discretionary profit-sharing clause (granting policyholders the right, in addition to guaranteed remuneration, to receive a share of the financial profits) have been drawn up in accordance with IFRS 4.

The other assets held and liabilities issued by fully-consolidated insurance companies follow the rules common to all of the Group's assets and liabilities. The financial assets representing technical provisions related to unit-linked contracts are shown under the line item "Financial assets at fair value through profit or loss", and are stated at the realizable value of the underlying assets at year-end.

Furthermore, the contracts governed by IFRS 4 remain accounted for and consolidated like under the French standards and are measured and recognized under the same rules, with the exception of some minor restatements, such as those related to the elimination of regulatory equalization provisions and the recognition of deferred participation in accordance with the principles of French regulations applicable to differences in asset values. This mainly includes provisions for deferred profit-sharing arising from the unrealized capital gains or losses accounted for on assets in accordance with IAS 39 (which corresponds under IFRS 4 to the application of "shadow accounting": in order to recognize the share of these unrealized capital gains or losses, the "discretionary participation feature", wholly in provisions and not under shareholders' equity. These provisions for deferred profit-sharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.

In addition to the various changes in provisions recognized as liabilities, the other transactions generated by these policies are measured and accounted for under the same rules. This includes the acquisition costs of policies, receivables and liabilities arising from the policies, advances relating to policies and sums arising under recourse and subrogated entitlements from insurance and re-insurance contracts.

On the reporting date, the liabilities carried for these policies (net of other related asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired) are tested to check that they are sufficient to cover the future cash flows estimated at this date. Any shortfall in technical provisions is recognized in income for the period (and may be reversed at a later stage).

The capitalization reserve set aside on a tax exempt basis in the individual accounts of the French companies with respect to the sale of amortizable securities, in order to defer part of the net capital gains generated to maintain the yield-to-maturity ratio of the portfolio built to represent the contractual commitments, is eliminated in the consolidated financial statements. Changes affecting this reserve during the financial year, which are recognized in income in the individual financial statements, are eliminated in the consolidated income statement. On the other hand, if there is a strong probability of allocation to the policyholders, in particular to make allowance for their entitlements under some insurance portfolios of the Group's entities, an entry for deferred participation is made following the restatement of the capitalization reserve.

1.3.13 Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. Investment property comprises assets held to earn rentals or for capital appreciation, or both. Investment property is accounted for at cost, in the same way as assets used in operations.

Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs incurred in the construction or adaptation of property assets are not capitalized.

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property.

The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity. Intangible assets that have an indefinite useful life are not amortized.

Depreciation and amortization of assets used in operations is recognized in “Allowance / write-back of amortization and provisions for fixed operating assets” in the income statement.

Depreciation and amortization relating to investment properties is recognized in “Expenses of the other activities” in the income statement.

The depreciation and amortization periods are:

Property and equipment:

- Land, fixtures, utility services:	15-30 years
- Buildings – structural work:	20-80 years (depending on the type of building in question)
- Construction – equipment:	10-40 years
- Fixtures and installations:	5-15 years
- Office equipment and furniture:	5-10 years
- Safety equipment:	3-10 years
- Rolling stock:	3-5 years
- Computer equipment:	3-5 years

Intangible fixed assets:

- Software bought or developed in-house:	1-10 years
- Businesses acquired:	9-10 years (if acquisition of customer contract portfolio)

Depreciable and amortizable assets are tested for impairment when evidence exists at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in “Depreciation, amortization and impairment of property, plant and equipment and intangible assets”.

Impairment losses relating to investment properties are recognized in “Expenses on other activities” (for additional impairment losses) and “Income from other activities” (for reversals) in the income statement.

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in “Net gain/ (loss) on disposals of other assets”.

Gains and losses on disposals of investment property are shown in the income statement under “Income from other activities” or “Expense on other activities”.

1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

☐ Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.

Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

Net deferred tax assets are recognized only in cases where their recovery is considered highly probable. Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

They are not discounted.

1.3.15 Interest paid by the French Government on some loans

Within the framework of aid to the rural and agricultural sector, as well as the purchase of residential property, some Group entities provide loans at low interest rates, set by the Government. Consequently, these entities receive from the government a contribution equal to the rate differential between the interest rate offered to customers and the predefined benchmark rate. Therefore, no discount is recognized in respect of the loans benefiting from these subsidies.

The structure of the offset mechanism is reviewed by the government on a periodic basis.

The contribution received from the government is recorded in the “Interest and similar income” line and spread over the life of the corresponding loans, pursuant to IAS 20.

1.3.16 Financial guarantees and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP (i.e. as off-balance sheet items), pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a nonfinancial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

1.3.17 Foreign exchange transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

❑ Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

❑ Non-monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under “Net gain/ (loss) on financial instruments at fair value through profit or loss”, or under “Unrealized or deferred gains and losses” if they are classified as available-for-sale.

When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of shareholders’ equity, under “Cumulative translation adjustment”. The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting translation differences are recorded under “Cumulative translation adjustment”. On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within twelve months of the end of the reporting period.

The related assets and liabilities are shown separately in the statement of financial position, on the lines “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/ amortized.

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

Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line “Post-tax gain/ (loss) on discontinued operations and assets held for sale”.

1.3.19 Judgments made and estimates used in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements.

This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates. This applies in particular to:

- the impairment of debt and equity instruments,

- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”;
- the assessment of the active nature of certain markets;
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in “Loans and receivables” or “Held-to-maturity financial assets” for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible fixed assets,
- measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

NOTE 2 - Analysis of statement of financial position and income statement items by activity and geographic region

The Group's activities are as follows:

- Retail banking brings together the network of CIC's regional banks, Targobank in Germany, Cofidis, Banco Popular Espagne, Banque Marocaine du Commerce Extérieur and all specialist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.
- The Insurance business line comprises the Assurances du Crédit Mutuel Group

- Financing and capital markets covers:

- a) Financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;

- b) capital markets activities in general, spanning customer and own account transactions involving interest rates instruments, foreign exchange and equities, including brokerage services.

- Private banking encompasses all companies specializing in this area, both in France and internationally.

- Private equity, conducted for the Group's own account, and financial engineering make up a business unit.

- Holding company services include all activities that can not be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities and IT entities holding real estate used for operations.

Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the BIGM Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

2a - Breakdown of the statement of financial position items by business line

December 31, 2010	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - Assets	1,100	0	3,978	449	0	1,016	6,543
Financial assets at fair value through profit or loss	188	10,993	26,877	113	1,653	295	40,120
Hedging derivative instruments - assets	(18)	0	(201)	8	0	346	134
Available-for-sale financial assets	721	38,884	22,614	4,816	3	1,004	68,041
Loans and receivables due from credit institutions	2,621	14	58,252	4,437	6	86	65,415
Loans and advances to customers	136,459	228	16,641	5,629	0	585	159,542
Held-to-maturity financial assets	68	7,928	339	7	0	585	8,926
Equity-accounted investments	508	325		1	0	755	1,589
LIABILITIES							
Cash, central banks, post office banks - Liabilities	0	0	0	44	0	0	44
Financial assets at fair value through profit or loss	67	1,804	32,200	162	0	(39)	34,194
Hedging derivative instruments - liabilities	395	0	1,577	423	0	63	2,457
Amounts due to credit institutions	17,894	0	19,955	344	0	(0)	38,193
Amounts due to customers	83,473	56	6,826	13,621	0	12,349	116,325
Debt securities in issue	21,601	0	70,280	32	0	2,733	94,646

December 31, 2009	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - Assets	1,985	0	4,150	679	0	1,241	8,054
Financial assets at fair value through profit or loss	150	11,524	37,765	111	1,682	396	51,628
Hedging derivative instruments - assets	1,084	48	153	18	0	407	1,710
Available-for-sale financial assets	600	34,603	24,733	5,681	1	1,831	67,448
Loans and receivables due from credit institutions	45,917	9	58,010	5,395	1	(3,784)	105,547
Loans and advances to customers	128,756	221	17,727	4,760	0	608	152,072
Held-to-maturity financial assets	63	6,080	1,522	6	0	0	7,672
Equity-accounted investments	187	262	0	1	0	165	615
LIABILITIES							
Cash, central banks, post office banks - Liabilities	0	0	0	1,265	0	0	1,265
Financial assets at fair value through profit or loss	75	1	47,627	94	0	42	47,839
Hedging derivative instruments - liabilities	2,209	0	2,004	446	0	96	4,755
Amounts due to credit institutions	50,940	0	40,143	398	0	(0)	91,481
Amounts due to customers	73,459	47	6,285	13,472	0	12,386	105,649
Debt securities	19,859	0	64,386	50	0	2,674	86,969

2a - Breakdown of the income statement items by business line

2010	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	6,293	1,114	1,074	404	191	-536	-59	8,481
General and administrative expense	-3,691	-347	-262	-320	-35	-314	59	-4,910
Gross operating income	2,602	767	812	84	155	-851		3,569
Net additions to (reversals of) provisions for loan losses	-1,076		-32	-15		-92		-1,215
Net gain (loss) on disposal of other assets	24	-3		1		-24		-2
Net income before tax	1,550	764	780	71	155	-966		2,354
Income tax	-522	-169	-190	-8	-3	289		-603
Net income	1,028	595	590	62	153	-677		1,751
Non-controlling interests								346
Net income - Group share								1,405

2009, pro forma	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	5,787	887	1,532	397	49	-703	-40	7,908
General and administrative expense	-3,497	-340	-271	-303	-28	-48	40	-4,447
Gross operating income	2,290	546	1,262	94	21	-751		3,461
Provision for credit losses	-1,452	0	-379	1	0	-62		-1,892
Net gain (loss) on disposal of other assets*	17	21	0	0	0	-103		-65
Net income before tax	855	567	882	95	21	-916		1,504
Income tax	-301	-155	-273	-24	-1	279		-475
Net income	554	412	610	70	20	-637		1,029
Non-controlling interests								221
Net income - Group share								808

To make the accounts comparable between 2009 and 2010, 2009 amounts were restated for the following impacts:

a) Impact of reclassifications between "retail banking" and "inter-businesses" (no effect on net accounting income)

*Retail Banking: Net banking income (-31) General and administrative expenses (+31)

** Inter-businesses: Net banking income (+31) General and administrative expenses (-31)

b) Impact of reclassifications between "Logistics and holding company" and "inter-businesses" (no effect on net accounting income)

** Logistics and holding company: Net banking income (-208) General and administrative expenses (+208)

** Inter-businesses: Net banking income (+208) General and administrative expenses (-208)

2b - Breakdown of the statement of financial position items by geographic region

	December 31, 2010				December 31, 2009			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
ASSETS								
Cash, central banks, post office banks - Assets	1,400	1,166	3,977	6,543	4,719	2,280	1,055	8,054
Financial assets at fair value through profit or loss	37,453	1,080	1,586	40,120	50,965	285	377	51,628
Hedging derivative instruments - assets	122	10	1	134	1,676	32	3	1,710
Available-for-sale financial assets	60,611	6,189	1,241	68,041	60,256	6,306	886	67,448
Loans and receivables due from credit institutions	57,632	4,841	2,942	65,415	97,080	5,509	2,959	105,547
Loans and advances to customers	135,087	21,371	3,084	159,542	128,623	20,572	2,877	152,072
Held-to-maturity financial assets	8,920	6	0	8,926	7,666	6	0	7,672
Equity-accounted investments	952	169	468	1,589	196	160	260	615
LIABILITIES								
Cash, central banks, post office banks - Liabilities	0	44	0	44	0	1,265	0	1,265
Financial assets at fair value through profit or loss	32,486	1,518	190	34,194	43,438	4,205	195	47,839
Hedging derivative instruments - liabilities	2,007	426	23	2,457	4,285	465	4	4,755
Amounts due to credit institutions	20,979	13,446	3,768	38,192	77,827	11,573	2,081	91,481
Amounts due to customers	92,862	22,539	924	116,325	81,651	23,136	862	105,649
Debt securities	76,856	9,985	7,805	94,646	70,505	11,413	5,051	86,969

* USA, Singapore, Tunisia and Morocco

2c - Breakdown of the income statement items by geographic region

	December 31, 2010				December 31, 2009			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income **	6,126	2,011	343	8,481	5,668	1,926	314	7,908
General and administrative expense	-3,507	-1,330	-74	-4,911	-3,149	-1,231	-68	-4,448
Gross operating income	2,619	681	269	3,570	2,519	695	246	3,461
Net additions to (reversals of) provisions for loan losses	-432	-602	-180	-1,214	-851	-766	-274	-1,892
Net gain (loss) on disposal of other assets ***	-23	-12	33	-2	-94	-1	29	-65
Net income before tax	2,164	68	122	2,355	1,574	-72	1	1,503
Net income	1,558	71	121	1,751	1,087	-30	-29	1,028
Net income - Group share	1,275	20	110	1,405	859	-22	-30	808

* USA, Singapore, Tunisia and Morocco

** In 2010, 24% of the net banking income (excluding Logistics and holding business line) came from foreign operations

*** y compris résultat net des entités mises en équivalence et les pertes de valeur sur écarts d'acquisition

NOTE 3 - Scope of consolidation

	December 31, 2010			December 31, 2009		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	99	99	FC
Banque du Cr�dit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Ouest (ex Banque CIO - BRO)	100	93	FC	100	92	FC
CIC Banque Nord Ouest (ex Banque Scalbert Dupont - CIN)	100	93	FC	100	92	FC
Cr�dit Industriel et Commercial (CIC)	93	93	FC	92	92	FC
CIC Est	100	93	FC	100	92	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	92	FC
CIC Sud Ouest (ex Soci�t� Bordelaise - SBCIC)	100	93	FC	100	92	FC
Targobank AG & Co. KgaA	100	100	FC	100	100	FC
B. Banking network - subsidiaries						
Banca Popolare di Milano	5	4	EM	5	4	EM
Banco Popular Hipotecario	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Ext�rieur (BMCE)	25	25	EM			NC
CZC	100	34	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	72	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Covered Bonds	100	100	FC	100	100	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	92	FC
CM-CIC Lavolette Financement	100	93	FC	100	92	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentine	66	23	FC	66	23	FC
Cofidis Belgique	100	34	FC	100	34	FC
Cofidis Espagne	100	34	FC	100	34	FC
Cofidis France	100	34	FC	100	34	FC
Cofidis Italie	100	34	FC	100	34	FC
Cofidis R�publique Tch�que	100	34	FC	100	34	FC
Cofidis Roumanie	100	34	FC	100	34	FC
Cofidis Slovaquie	100	34	FC	100	34	FC
Creatis	100	34	FC	100	34	FC
Crefidis	0	0	MER	100	34	FC
Factocic	85	79	FC	51	47	FC
FCT CM/CIC Home loans	100	100	FC	100	100	FC
Monabanq	100	34	FC	66	23	FC
Saint-Pierre SNC	100	93	FC	100	92	FC
SCI La Tr�fili�re	46	46	EM	46	46	EM
SOFEMO - Soci�t� F�d�rative Europ.de Mon�tique et de						
Financement	100	98	FC	100	97	FC
Sofim	100	93	FC	100	92	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	92	FC
Diversified Debt Securities	100	95	FC			NC
Divhold	100	95	FC			NC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA G�n�ve	70	65	FC	70	65	FC
Alternative gestion SA G�n�ve	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	92	FC
Banque Transatlantique	100	93	FC	100	92	FC
Banque Transatlantique Belgium	100	91	FC	100	91	FC
Banque Transatlantique Luxembourg (ex Mutual Bank Luxembourg)	90	86	FC	90	85	FC
Banque Transatlantique Singapore	100	93	FC			NC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking - Banque Pasche	100	93	FC	100	92	FC
CIC Suisse	100	93	FC	100	92	FC
Dubly-Douillet	63	58	FC	63	58	FC
GPK Finance	100	93	FC	89	82	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	92	FC
Pasche Finance SA Fribourg	100	93	FC	100	92	FC
Pasche Fund Management Ltd	100	93	FC	100	92	FC
Pasche International Holding Ltd	100	93	FC	100	92	FC
Pasche SA Montevideo	100	93	FC	100	92	FC
Serficom Brasil Gestao de Recursos Ltda	52	48	FC			NC
Serficom Family Office Inc	100	93	FC	100	92	FC
Serficom Family Office Ltda Rio	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	92	FC
Serficom Investment Consulting (Shanghai)	100	93	FC	100	92	FC
Serficom Maroc SARL	100	93	FC	100	92	FC
Transatlantique Finance			MER	100	92	FC
Transatlantique Gestion (ex BLC Gestion)	100	93	FC	100	92	FC
Valeroso Management Ltd	100	93	FC	45	57	EM

	December 31, 2010			December 31, 2009		
	Percent control	Percent interest	Method +	Percent control	Percent interest	Method +
E. Private equity						
CIC Banque de Vizille	98	90	FC	98	91	FC
CIC Finance	100	93	FC	100	92	FC
CIC Investissement	100	93	FC	100	92	FC
CIC Investissement Alsace			MER	100	92	FC
CIC Investissement Est			MER	100	92	FC
CIC Investissement Nord			MER	100	92	FC
CIC Vizille Participation	100	90	FC	100	91	FC
Financière Voltaire	100	93	FC	100	92	FC
Institut de Participations de l'Ouest (IPO)	100	93	FC	100	92	FC
IPO Ingénierie	100	93	FC	100	92	FC
Sudinnova	63	57	FC	57	52	FC
Vizille Capital Finance	100	90	FC	100	91	FC
Vizille Capital Innovation	100	90	FC	100	91	FC
F. Logistics and holding company services						
Adepi	100	93	FC	100	92	FC
Carmen Holding Investissement	67	67	FC	67	67	FC
CIC Migrations	100	93	FC	100	92	FC
CIC Participations	100	93	FC	100	92	FC
Cicor	100	93	FC	100	92	FC
Cicoval	100	93	FC	100	92	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	45	46	EM	45	46	EM
Cofidis Participations	51	34	FC	51	34	FC
Efsa	100	93	FC	100	92	FC
Est Bourgogne Rhone Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
Gesteurop	100	93	FC	100	92	FC
Gestunion 2	100	93	FC	100	92	FC
Gestunion 3	100	93	FC	100	92	FC
Gestunion 4	100	93	FC	100	92	FC
Groupe Républicain Lorrain Communication (GRLC)	100	100	FC			NC
Impex Finance	100	93	FC	100	92	FC
Marsovalor	100	93	FC	100	92	FC
Pargestion 2	100	93	FC	100	92	FC
Pargestion 4	100	93	FC	100	92	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	50	50	FC			NC
Société Française d'Édition de Journaux et d'Imprimés	100	97	FC			NC
Sofiholding 2	100	93	FC	100	92	FC
Sofiholding 3	100	93	FC	100	92	FC
Sofiholding 4	100	93	FC	100	92	FC
Sofinaction	100	93	FC	100	92	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	92	FC
Ugépar Service	100	93	FC	100	92	FC
Valimar 2	100	93	FC	100	92	FC
Valimar 4	100	93	FC	100	92	FC
VTP 1	100	92	FC	100	92	FC
VTP 5	100	93	FC	100	92	FC
G. Insurance companies						
ACM IARD	96	69	FC	96	69	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Euro Protection Services	100	72	FC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré	100	69	FC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	20	14	EM
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
H. Other companies						
ACM GIE	100	72	FC	100	72	FC
ACM Services	100	72	FC	100	72	FC
Agence Générale d'Informations régionales	49	49	EM	100	100	FC
Cime & Mag	100	97	FC			NC
Darcy presse			NC	100	100	FC
Distripub	100	97	FC			NC
Documents AP	100	100	FC	100	100	FC
Est Imprimerie	100	97	FC			NC
Europe Régie	66	64	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries - GRLI	100	100	FC			NC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC			NC
Information pour la communication			MER	50	50	FC

	December 31, 2010			December 31, 2009		
	Percent control	Percent interest	Method +	Percent control	Percent interest	Method +
Interprint	100	100	FC			NC
Jean Bozzi Communication	100	100	FC	100	100	FC
La Gazette indépendante de Saone et Loire	0	0	MER	100	100	FC
La Liberté de L'est	49	49	EM			NC
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC			NC
L'Alsace Magazines Edition - L'ame	100	97	FC			NC
Le Bien Public	100	100	FC	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC			NC
Les Editions de l'Echiquier	100	97	FC			NC
Les Journaux de Saone et Loire	100	100	FC	100	100	FC
Lumedia	50	50	PC			NC
Lyon Plus	0	0	MER	100	100	FC
Lyonnaise de Télévision	0	0	NC	60	60	FC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC			NC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publprint Dauphiné	100	100	FC	100	100	FC
Publprint province n°1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC			NC
Républicain Lorrain Tv News	100	100	FC			NC
Républicain Lorrain Voyages	100	100	FC			NC
Rhone Offset Presse	0	0	MER	100	100	FC
Roto Offset	100	97	FC			NC
SCI 6 Place Joubert	0	0	NC	100	100	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC			NC
SCI du Palais	0	0	NC	100	100	FC
SCI Ecriture	100	97	FC			NC
Sci Gutenberg	100	100	FC			NC
SCI Hotel de Ville	0	0	NC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	30	30	EM
Sci Roseau d'Or	100	97	FC			NC
SIIC Foncière Massena	78	56	FC	77	55	FC
Société d'Edition des hebdomadaires & périodiques locaux	100	100	FC	100	100	FC
Sofiliest	49	49	EM			NC

* Method: FC = full consolidation; EM = equity method; PC = proportionate consolidation ; NC = not consolidated; MER = merged.

NOTE 4 - Cash, central banks

4.a - Loans and receivables due from credit institutions

	December 31, 2010	December 31, 2009
Cash and amounts due from central banks		
Amounts due from central banks	6,001	7,485
including reserve requirements	1,255	2,560
Cash	542	569
Total	6,543	8,054
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts(1)	2,401	1,423
Other current accounts in debit	5,156	3,396
Loans	49,532	91,951
Other receivables	688	890
Securities not listed in an active market	4,681	5,881
Repurchase agreements	1,742	855
Individually impaired receivables	1,267	1,506
Accrued income	297	165
Impairment provisions	-350	-520
Total	65,415	105,547

(1) mainly outstanding repayments - CDC (LEP, LDD, Livret Bleu)

4b - Amounts due to credit institutions

	December 31, 2010	December 31, 2010
Due to central banks		
Due to credit institutions	44	1,265
Crédit Mutuel network accounts(1)	0	0
Other current accounts	15,841	2,097
Borrowings	17,862	86,817
Other	369	550
Repurchase agreements	4,052	1,929
Accrued interest	69	88
Total	38,237	92,746

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

5a - Total financial assets at fair value through profit or loss

	December 31, 2010			December 31, 2009		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
. Securities	15,931	13,128	29,059	19,302	13,966	33,268
- Government securities	2,766	30	2,796	4,754	88	4,843
- Bonds and other fixed-income securities	11,994	3,446	15,440	12,307	3,419	15,725
. Listed	11,994	3,399	15,393	12,307	3,350	15,656
. Unlisted	0	48	48	0	69	69
- Equities and other variable-income securities	1,171	9,652	10,823	2,241	10,459	12,700
. Listed	1,171	8,095	9,266	2,241	8,948	11,188
. Unlisted	0	1,557	1,557	0	1,511	1,511
. Trading derivative instruments	2,612	0	2,612	3,384	0	3,384
. Other financial assets		8,448	8,448		14,975	14,975
including resale agreements		8,448	8,448		14,974	14,974
TOTAL	18,543	21,577	40,120	22,686	28,942	51,628

5b - Financial liabilities at fair value through profit or loss

	December 31, 2010	December 31, 2009
Financial liabilities held for trading	7,305	9,784
Financial liabilities at fair value by option through profit or loss	26,889	38,055
TOTAL	34,194	47,839

Financial liabilities held for trading

	December 31, 2010	December 31, 2009
. Short selling of securities	1,864	4,168
- Government securities	1	0
- Bonds and other fixed-income securities	1,315	3,496
- Equities and other variable-income securities	548	673
. Trading derivative instruments	4,680	5,274
Derivatives held for trading	760	342
TOTAL	7,305	9,784

Financial liabilities at fair value by option through profit or loss

	December 31, 2010			December 31, 2009		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
. Securities issued	473	472	1	3,670	3,668	2
. Interbank liabilities	25,265	25,259	6	27,193	27,175	18
. Due to customers	1,151	1,151	0	7,192	7,192	0
Total	26,889	26,882	7	38,055	38,035	20

5c - Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	65,084	1,938	1,019	68,041
- Government and similar securities - AFS	13,973	0	0	13,973
- Bonds and other fixed-income securities - AFS	44,431	1,906	338	46,675
- Equities and other variable-income securities - AFS	5,003	0	44	5,047
- Investments in non-consolidated companies and other LT investments - AFS	1,648	8	301	1,957
- Investments in associates - AFS	29	24	336	389
Transaction / Fair value by option (FVO)	23,936	12,984	3,200	40,120
- Government and similar securities - Transaction	2,634	132	0	2,766
- Government and similar securities - FVO	30	0	0	30
- Bonds and other fixed-income securities - Transaction	8,960	1,455	1,579	11,994
- Bonds and other fixed-income securities - FVO	2,982	464	0	3,446
- Equities and other variable-income securities - Transaction	1,156	0	15	1,171
- Equities and other variable-income securities - FVO	8,083	0	1,569	9,652
- Loans and receivables due from credit institutions - FVO	0	4,077	0	4,077
- Loans and receivables due from customers - FVO	0	4,372	0	4,372
- Derivative instruments and other financial assets - Transaction	30	2,484	98	2,612
Hedging derivative instruments - assets	3	124	7	134
Total	88,962	15,046	4,287	108,295
Financial liabilities				
Transaction / Fair value by option (FVO)	2,659	31,488	47	34,194
- Due to credit institutions - FVO	0	25,265	0	25,265
- Due to customers - FVO	0	1,151	0	1,151
- Debt securities - FVO	0	473	0	473
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Transaction	2,659	4,599	47	7,305
Hedging derivative instruments	3	2,431	23	2,457
Total	2,662	33,919	70	36,651

There are three levels of fair value of financial instruments, in accordance with what has been defined by standard IFRS 7:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability (i.e. either directly or indirectly (i.e. derived from prices));
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Level 3 details	Opening	Purchases	Sales	Gain and losses recognized in profit	Other transactions	Close
- Equities and other variable-income securities - FVO	1,536	262	-372	168	-25	1,569

NOTE 6 - Hedging

6a - Hedging derivative instruments

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedge	4	45	2	26
. Fair value hedge (change in value recognized through profit or loss)	130	2,412	1,709	4,729
TOTAL	134	2,457	1,710	4,755

6b - Remeasurement adjustment on investments hedged against interest risk

	Fair value December 31, 2010	Fair value December 31, 2009	Change in fair value
Fair value of interest rate risk by investment category			
. financial assets	580	522	58
. financial liabilities	-1,331	-1,777	446

6c - Analysis of derivative instruments

	December 31, 2010			December 31, 2009		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
<i>Interest-rate derivative instruments</i>						
Swaps	381,936	1,724	3,650	353,557	1,993	4,137
Other forward contracts	10,704	4	0	13,486	24	1
Options and conditional transactions	48,423	213	258	60,907	457	437
<i>Foreign exchange derivative instruments</i>						
Swaps		39	85		21	43
Other forward contracts	36	121	101	231	147	123
Options and conditional transactions	15,865	169	169	14,769	157	158
<i>Derivative instruments other than interest-rate and foreign exchange</i>						
Swaps	22,289	286	347	23,699	289	230
Other forward contracts	3,598	0	0	6,045	0	3
Options and conditional transactions	1,624	56	70	14,376	296	142
Sub-total	484,474	2,612	4,680	487,070	3,384	5,274
Hedging derivative instruments						
<i>Fair value hedging derivative instruments</i>						
Swaps	77,370	129	2,412	72,375	1,658	4,729
Options and conditional transactions	2	1	0	14	51	0
<i>Cash flow hedging derivative instruments</i>						
Swaps	0	2	45	86	0	26
Options and conditional transactions	0	2	0	0	1	0
Sub-total	77,372	134	2,457	72,474	1,710	4,755
Total	561,846	2,745	7,137	559,545	5,095	10,028

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	December 31, 2010	December 31, 2009
. Government securities	13,790	15,270
. Bonds and other fixed-income securities	46,547	44,950
- Listed	46,075	44,512
- Unlisted	472	438
. Equities and other variable-income securities	5,059	4,697
- Listed	4,971	4,596
- Unlisted	88	101
. Long-term investments	2,328	2,223
- Investments in non-consolidated companies	1,582	1,410
- Other long-term investments	375	393
- Investments in associates	371	420
. Accrued interest	316	309
TOTAL	68,041	67,448
<i>Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity</i>	-673	-443
<i>Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity</i>	375	433
<i>Including impairment of bonds and other fixed-income securities</i>	-82	-84
<i>Including impairment of equities and other variable-income securities and long-term investments</i>	-1,540	-1,535

7b - List of major investments in non-consolidated companies

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Banca di Legnano(1)	Not quoted	< 10%	1,187	4,709	180	31
Crédit logement	Not quoted	< 5%	1,475	11,810	226	120
CRH (Caisse de refinancement de l'habitat)	Not quoted	< 20%	211	40,626	3	1
Foncière des Régions	Quoted	< 5%	4,807	13,953	991	-464
Banco Popular	Quoted	< 5%	8,447	129,290	4,054	780
Veolia Environnement	Quoted	< 5%	10,131	49,817	34,551	842

The figures above (excluding the percent of interest) relate to 2009

(1) Banca di Legnano is 93.51%-owned by BPM

NOTE 8 - Customers

Loans and receivables due from customers

	December 31, 2010	December 31, 2009
Performing loans	148,292	141,182
. Commercial loans	4,307	3,941
. Other customer loans	143,222	136,550
- Home loans	61,298	56,408
- Other loans and receivables, including resale agreements	81,923	80,142
. Accrued income	346	333
. Securities not listed in an active market	417	358
Insurance and reinsurance receivables	174	160
Individually impaired receivables	9,454	9,186
Gross receivables	157,920	150,527
Individual impairment	-6,095	-5,517
Collective impairment	-341	-336
Sub-total I	151,483	144,674
Finance leases (net investment)	8,188	7,507
. Furniture and movable equipment	5,263	4,897
. Real estate	2,748	2,461
. Individually impaired receivables	177	149
Individual impairment	-130	-109
Sub-total II	8,059	7,398
TOTAL	159,542	152,072
<i>Including participatory loans</i>	28	6
<i>Including subordinated notes</i>	12	168

Finance leases with customers

	December 31, 2009 ^a	Acquisition	Sale	Other	December 31, 2009
Gross carrying amount	7,507	1,465	-1,502	718	8,188
Impairment of irrecoverable rent	-109	-35	25	-11	-130
Net carrying amount	7,398	1,430	-1,477	708	8,059

Analysis of future minimum lease payments receivable under finance leases, by residual term

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Future minimum lease payments receivable	2,627	4,342	1,547	8,516
Present value of future minimum lease payments receivable	2,445	4,135	1,532	8,112
Unearned finance income	182	207	15	404

8b - Amounts due to customers

	December 31, 2010	December 31, 2009
. Regulated savings accounts	30,371	30,296
- demand	20,328	18,770
- term	10,043	11,525
. Accrued interest on savings accounts	13	18
Subtotal	30,384	30,314
. Demand deposits	44,606	40,820
. Term accounts and loans	39,844	31,925
. Repurchase transactions	684	1,876
. Accrued interest	751	667
. Insurance and reinsurance payables	56	47
Subtotal	85,941	75,335
TOTAL	116,325	105,649

NOTE 9 - Held-to-maturity financial assets

	December 31, 2010	December 31, 2009
. Securities	8,935	7,653
- Bonds and other fixed-income securities	8,935	7,653
. Quoted	8,906	7,636
. Non-quoted	30	16
. Accrued income	2	20
GROSS TOTAL	8,938	7,672
<i>Including impaired assets</i>	25	7
Provisions for impairment	-12	-1
NET TOTAL	8,926	7,672

NOTE 10 - Movements in provisions for impairment

	December 31, 2009	Additions	Reversals	Other	December 31, 2010
Loans and receivables due from credit institutions	-520	-131	321	-19	-350
Loans and receivables due from customers	-5,962	-1,938	1,336	-2	-6,566
Available-for-sale securities	-1,620	-44	81	-39	-1,623
Held-to-maturity securities	-1	-12	0	1	-12
Total	-8,103	-2,124	1,738	-60	-8,550

At December 31, 2010 provisions for loans and receivables due from customers amounted to €6,566 million (compared to €5,962 in 2010), of which collective provisions totaled €341 million. Individual provisions essentially relate to current accounts in debit, for €790 million (compared to €848 million at the end of 2009) and to provisions for commercial and other loans (including home loans) for €5,305 million (compared to €4,669 million at the end of 2009).

NOTE 11 - Reclassifications of financial instruments

In application of new accounting regulations and in the extraordinary circumstances of a completely disrupted market, on July 1, 2008 the Group reclassified €18.8 billion of investments from the trading securities portfolio into AFS (€16.1 billion) investments and Loans and receivables (€2.7 billion), as well as €6.5 billion of AFS investments into Loans and receivables (€5.9 billion) and HTM investments (€0.6 billion). No other reclassification has occurred since that date.

	December 31, 2010		December 31, 2009	
	Carrying value	Fair value	Carrying value	Fair value
Loans & receivables portfolio	5,582	5,294	6,862	6,558
AFS portfolio	9,284	9,284	13,590	13,590

	December 31, 2010	December 31, 2009
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	140	1,468
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	-139	-811
Gains (losses) on reclassified assets, recognized in income (NBI and cost of risk)	20	-410

NOTE 12 - Exposures affected by the financial crisis

The exposures affected by the financial crisis are presented below. The portfolios are carried at market value established on the basis of external inputs obtained from regulated markets, major brokers or, where no price was available, on the basis of comparable listed securities.

1 / Securitization

Summary	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
RMBS	5,579	6,197	5,387
CMBS	458	480	198
CLO	1,887	1,896	1,806
Other ABS	849	853	1,532
CLO covered by CDS	833	972	925
Other ABS covered by CDS	49	56	28
Liquidity facilities	334		298
Total	9,989	10,454	10,174

1.1 / RMBS exposure

	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
Trading	1,819	1,828	1,067
Available-for-sale	1,835	1,900	1,959
Loans	1,925	2,469	2,361
Total	5,579	6,197	5,387
France	14	16	18
Europe, excluding France	2,803	2,884	2,777
USA	2,366	2,892	2,082
Rest of the world	396	405	510
Total	5,579	6,197	5,387
Agencies	1,075	1,064	688
AAA	2,984	3,026	3,080
AA	322	340	263
A	69	91	85
BBB	71	108	27
BB	43	51	42
Below or equal to B	1,015	1,517	1,194
Not rated	0	0	8
Total	5,579	6,197	5,387

Exposure to RMBS issued in the U.S.A.

	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
Originated in 2005 and before	461	590	529
Originated in 2006	603	769	716
Originated in 2007	593	820	722
Originated in 2008	709	713	115
Total	2,366	2,892	2,082

Guarantees received from monoliner insurance companies on U.S.A. RMBS

	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
Ambac	15	15	22
MBIA	4	4	4
FGIC	21	49	35
Total	40	68	61

1.2 / CMBS exposure

	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
France	1	2	1
Europe, excluding France	84	96	79
USA	291	293	0
Rest of the world	82	89	118
Total	458	480	198
Trading	306	310	14
AFS	147	164	177
Loans	5	6	7
Total	458	480	198
AAA	346	351	82
AA	92	104	112
Other	20	25	4
Total	458	480	198

1.3 / ABS exposure

1.3.1 / CLO / CDO exposure

CDO not hedged by CDS	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
Trading	23	22	
Available-for-sale	29	29	33
Loans	1,835	1,845	1,773
Total	1,887	1,896	1,806
France	0	0	
Europe, excluding France	889	892	801
USA	998	1,004	62
Rest of the world	0	0	943
Total	1,887	1,896	1,806
Agencies	0	0	0
AAA	1,070	1,076	1,434
AA	600	605	322
Other	217	216	50
Total	1,887	1,897	1,806

1.3.2 / Exposure to other ABS

Other ABS not hedged by CDS	Carrying value December 31, 2010	Acquisition price December 31, 2010	Carrying value December 31, 2009
Trading	343	342	689
Available-for-sale	287	290	528
Loans	219	221	315
Total	849	853	1,532
France	407	406	559
Europe, excluding France	398	403	903
USA	0	0	0
Rest of the world	44	44	70
Total	849	853	1,532
AAA	601	598	1,180
AA	78	78	148
A	7	7	13
BBB	150	151	191
BB	13	19	0
Total	849	853	1,532

1.3.3 / Exposures hedged by CDS

At December 31, 2010 outstanding CLO hedged by CDS totaled €833 million, while other ABS hedged by CDS amounted to €49 million.

1.4 / Transactions with special purpose vehicles

At December 31, 2010, liquidity facilities granted to 3 FCC represented €333 million.

2 / LBO exposure

	Carrying value December 31, 2010	Carrying value December 31, 2009
Dedicated funding structures - by geographic region		
France	1,671	1,371
Europe, excluding France	408	494
USA	127	140
Rest of the world	70	50
Total	2,276	2,055
Dedicated funding structures - by business sector (in%)		
Industrial goods and services	16	22
Industrial transport	28	11
Healthcare	10	13
Travel and leisure	10	10
Construction	9	11
Telecommunications	6	6
Other < 5%	21	27
Total	100	100

NOTE 13 - Corporate income tax

13a - Current income tax

	December 31, 2010	December 31, 2009
Asset (by income)	697	676
Liability (by income)	395	268

13b - Deferred income tax

	December 31, 2010	December 31, 2009
Asset (by income)	732	756
Asset (by shareholders' equity)	436	372
Liability (by income)	643	815
Liability (by shareholders' equity)	207	173

Breakdown of deferred income tax by major categories

	December 31, 2010		December 31, 2009	
	Asset	Liability	Asset	Liability
. Temporary differences in respect of:				
- Deferred gains (losses) on available-for-sale securities	436	207	372	173
- Impairment provisions	452		254	
- Unrealized finance lease reserve		112		69
- Earnings of fiscally transparent (pass-through) companies		4		3
- Remeasurement of financial instruments	603	286	661	345
- Accrued expenses and accrued income	52	616	75	748
- Tax losses (1) (2)	244		282	
- Insurance activities	36	209	107	291
- Other timing differences	0	71	104	84
. Netting	-655	-655	-725	-725
Total deferred tax assets and liabilities	1,168	850	1,128	988

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 34.43% (i.e., the standard tax rate).

(1) of which USA tax losses: €176 million in 2010 and €220 million in 2009.

(2) Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

NOTE 14 - Accruals, other assets and other liabilities

Accruals and other assets

	Dec. 31, 2010	Dec. 31, 2009
Accruals - assets		
Collection accounts	346	523
Currency adjustment accounts	13	413
Accrued income	426	395
Other accruals	2,068	2,123
Subtotal	2,854	3,454
Other assets		
Securities settlement accounts	92	163
Miscellaneous receivables	11,416	11,605
Inventories and equivalent	11	5
Other	11	-11
Subtotal	11,530	11,761
Other insurance assets		
Other	339	328
Subtotal	339	328
Total	14,723	15,543

14b - Accruals and other liabilities

	Dec. 31, 2010	Dec. 31, 2009
Accrual accounts - liabilities		
Accounts unavailable due to collection procedures	463	689
Currency adjustment accounts	275	596
Accrued expenses	635	525
Other accruals	6,339	5,956
Subtotal	7,713	7,767
Other liabilities		
Securities settlement accounts	74	151
Outstanding amounts payable on securities	70	114
Miscellaneous payables	2,409	2,728
Subtotal	2,553	2,992
Other insurance liabilities		
Deposits and guarantees received	163	133
Other	0	0
Subtotal	163	133
Total	10,429	10,892

Note 15 - Equity-accounted investments

Equity value and share of net income(loss)

	Dec. 31, 2010		Dec. 31, 2009	
	Equity method value	Share of net income (loss)	Equity method value	Share of net income (loss)
ACM Nord	17	1	17	3
ASTREE Assurance	21	3	16	2
Banca Popolare di Milano	170	1	128	9
Banque de Tunisie	49	7	46	8
Banque Marocaine du Commerce Extérieur	833	15	NC	NC
CMCP	5	0	5	8
Euro Information	191	12	174	18
RMA Watanya	210	8	198	19
Royal Automobile Club de Catalogne	77	-14	31	1
SCI Treffière	12	1	13	1
Other	4	1	-13	-16
TOTAL	1,589	35	615	55

NOTE 16 - Investment property

	Dec. 31, 2009	Additions	Disposals	Other movements	Dec. 31, 2010
Historical cost	1,176	121	0	-348	948
Accumulated depreciation and impairment losses	-116	-13	0	-29	-158
Net amount	1,059	108	0	-376	791

The fair value of investment property carried at amortized cost was €1,110 million at December 31, 2010

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2009	Additions	Disposals	Other movements	Dec. 31, 2010
Historical cost					
Land used in operations	381	3	-6	-8	370
Buildings used in operations	2,417	106	-43	31	2,513
Other	1,098	78	-69	113	1,221
Total	3,896	188	-117	136	4,103
Accumulated depreciation and impairment losses					
Land used in operations	-1	0	0	0	-1
Buildings used in operations	-1,192	-125	34	-10	-1,293
Other property and equipment	-749	-70	48	-72	-844
Total	-1,942	-195	82	-83	-2,138
Net	1,955	-7	-35	54	1,965
Of which leased under finance leases					
Land used in operations	45	0	-45	0	0
Buildings used in operations	37	0	-36	-1	0
Total	82	0	-81	-1	0

17 b - Intangible assets

	Dec. 31, 2009	Additions	Disposals	Other movements	Dec. 31, 2010
Historical cost					
. Internally developed intangible assets	12	2	0	0	14
. Purchased intangible assets	1,100	82	-47	110	1,245
- Software	420	46	-13	10	463
- Other	680	35	-34	101	782
Total	1,112	84	-47	110	1,260
Accumulated depreciation and impairment losses					
. Purchased intangible assets	-217	-102	18	-24	-325
- Software	-140	-63	12	-1	-192
- Other	-77	-38	6	-24	-132
Total	-217	-102	18	-24	-325
Net	896	-18	-29	86	935

NOTE 18 - Goodwill

	Dec. 31, 2009	Acquisitions	Disposals	Other movements	Dec. 31, 2010
Goodwill, gross	4,114	268	-117	0	4,265
Accumulated impairment losses	-124	0	0	-45	-169
Goodwill, net	3,990	268	-117	-45	4,096

Subsidiaries	Goodwill at Dec. 31, 2009	Acquisitions	Disposals	Impairment charges / reversals	Goodwill at Dec. 31, 2010
Banca Popolare di Milano(a)	41		-41		0
Banco Popular Hipotecario		183			183
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
CIC Iberbanco	15				15
CIC Private Banking - Banque Pasche	43	9			52
Cofidis Participation(b)	389		-11		378
Crédit Industriel et Commercial (CIC)	506				506
GPK Finance	5				5
IPO	21				21
Monabanq	17				17
Targobank	2760		-3		2,757
Other(c)	172	77	-61	-45	143
TOTAL	3,990	268	-117	-45	4,096

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:
- verifying that the price used for the most recent transaction is above the carrying amount, or
- verifying that the valuation assumptions at the acquisition date are still valid.

(a) Reclassification of Banca Popolare di Milano's goodwill to "investments in associates"

(b) Adjustment of goodwill relating to COFIDIS due to a change in value.

(c) Reclassification from "investments in associates - insurance companies" to investments in non-consolidated companies.

NOTE 19 - Debt securities

	Dec. 31, 2010	Dec. 31, 2009
Retail certificates of deposit	84	36
Interbank instruments and money market securities	63,206	56,461
Bonds	30,688	29,917
Accrued interest	668	555
TOTAL	94,646	86,969

NOTE 20 - Insurance companies' technical reserves

	Dec. 31, 2010	Dec. 31, 2009
Life	46,655	43,006
Non-life	2,015	1,945
Unit of account	6,579	5,858
Other	193	196
TOTAL	55,442	51,004

NOTE 21 - Provisions

	Dec. 31, 2009	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2010
Provisions for risks	399	155	-48	-77	10	440
Signature commitments	140	61	-14	-46	-4	137
Financing and guarantee commitments	1				0	1
On country risks	3	17			0	20
Provisions for taxes	136	7	-16	-7	-1	119
Provisions for claims and litigation (5)	70	61	-7	-7	15	132
Provisions for risks on miscellaneous receivables	49	8	-9	-17	-1	30
Other provisions for counterparty risk	0				0	0
Other provisions	503	345	-54	-40	19	772
Provisions for home savings accounts and plans	70	1	0	-9	0	62
Provisions for miscellaneous contingencies	236	235	-27	-20	8	432
Other provisions	197	108	-26	-11	11	279
Provisions for retirement benefits	172	81	-17	-16	-12	208
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses (1)	61	64	-10	-7	-9	99
Supplementary retirement benefits	66	11	-7	-1	-4	66
Long service awards (other long-term benefits)	35	3	0	-8	0	30
Subtotal to statement of financial position	162	78	-17	-16	-13	194
Supplementary retirement benefits - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls (2)	10	2	0	0	1	13
Fair value of assets	10	2	0	0	1	13
Subtotal to statement of financial position	10	2	0	0	1	13
Total	1,074	580	-119	-133	17	1,420

Assumptions	2010	2009
Discount rate (3)		4%
Annual increase in salaries (4)	Minimum 1.5%	3%

Movements in provisions for retirement bonuses

	Dec. 31, 2009	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payments to beneficiaries	Insurance premiums	Other	Dec. 31, 2010
Commitments	137	5		18	9	65	-21		7	220
Insurance contract	76		3		0	1	-7	49	0	122
Provisions	61	5	-3	18	9	64	-14	-49	7	99

(1) For the Frenchbanks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CMS-CIC Group).

(2) The provision for pension fund shortfalls only covers foreign entities.

(3) The discount rate used is the return on long-term bonds issued by first-rate companies, estimated on the basis of the IBOXX index.

(4) The annual increase in salaries includes the estimated effect of inflation. As from this financial period, it also takes into account employee seniority.

(5) The Lehman Brothers receivables sold in the first half of 2010 were provisioned due to uncertainty as to their valuation. This was the main addition during the year.

Provisions for home savings accounts and plans signature risk

	Dec. 31, 2010	Dec. 31, 2009
Home savings plan outstandings		
Seniority between 0-4 years	1,719	1,163
Seniority between 4-10 years	1,821	1,911
Seniority over 10 years	2,245	2,298
Total	5,785	5,372
Savings account outstandings	789	784
Total home savings accounts and plans	6,618	5,896

Home savings loans	Dec. 31, 2010	Dec. 31, 2009
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	241	283

Provisions for home savings accounts and plans	Opening balance	Net additions/ reversals	Other movements	Closing balance
On home savings accounts	20	(6)		14
On home savings plans	40			40
On home savings loans	9	(1)		8
Total	69	(7)		62
<i>Analysis of provisions on housing savings plans by seniority</i>				
Seniority between 0-4 years	24			21
Seniority between 4-10 years	0			7
Seniority over 10 years	16			12
Total	40			40

Home savings accounts (*comptes épargne logement*, CEL) and home savings plans (*plans épargne logement*, PEL) are products under French state regulations, allowing individual customers to invest over time in an interest bearing account giving subsequent entitlement to a home loan. These products place a two fold commitment on the distributor:
- a commitment to provide a return to depositors on amounts invested: fixed-rate for PEL and variable-rate (periodically reviewed based on benchmark in dexes) for CEL.
- a commitment to lend to those customers on demand, on predetermined terms (for both CEL and PEL).
The commitments have been estimated on the basis of customer statistical behavior and market inputs.

A provision is established in the liabilities section of the statement of financial position to cover potential future costs arising from unfavorable conditions relating to these products, on the basis of interest rates offered to individual customers by similar, non-regulated products. This approach is based on homogenous generations of regulated terms for PEL. The impact on income is recognized as "interest due to customers".

The decrease in the provisions for risks at December 31, 2010 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

NOTE 22 - SUBORDINATED DEBT

	Dec. 31, 2010	Dec. 31, 2009
Subordinated notes	5,243	4,346
Non-voting loan stock	54	156
Perpetual subordinated notes	3,096	3,096
Other debt	130	127
Accrued interest	97	94
TOTAL	8,619	7,819

Main subordinated debt issues

(in € millions)	Type	Issue date	Amount issued	Amount at Dec. 31, 2010	Rate	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	June 29, 2001	€50m	€50m	5.40	June 29, 2011
Banque Fédérative du Crédit Mutuel	Subordinated note	July 19, 2001	€700m	€700m	6.50	July 19, 2013
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
CIC	Non-voting loan stock	May 28, 1985	€137m	€137m	(1)	(2)
CIC	Perpetual subordinated note	June 30, 2006	€200m	€200m	(3)	No fixed maturity
CIC	Perpetual subordinated note	June 30, 2006	€550m	€550m	(4)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated notes		€1600m	€1600m		No fixed maturity
Banque Fédérative du Crédit Mutuel	Loan	Dec. 28, 2005	€500m	€500m	(7)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 19, 2006	€1000m	€1000m	(5)	Dec. 19, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Oct. 17, 2008	€147m	€147m	(6)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Oct. 10, 2010	€1000m	€1000m	4.00	Oct. 22, 2020

(1) Minimum 85% (TAM-TMO)/2 Maximum 130% (TAM-TMO)/2

(2) Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years

(3) 6-month Euribor + 167 basis points

(4) 6-month Euribor + 107 basis points for the first 10 years; + 207 basis points for subsequent years, unless redeemed

(5) 3-month Euribor + 25 basis points

(6) 3-month Euribor + 665 basis points

(7) 1-year Euribor + 0.3 basis points

NOTE 23 - Shareholders' equity

23a - Shareholders' equity (excluding unrealized or deferred gains or losses)

	Dec. 31, 2010	Dec. 31, 2009
. Capital stock, additional paid-in capital and reserves	1,880	1,880
- Capital	1,302	1,302
- Premium relating to issue, transfer, merger, split, conversion	578	578
. Consolidated reserves	7,508	6,774
- Regulated reserves	7	7
- Translation reserve	6	-40
- Other reserves (including effects related to first application of standards)	7,499	6,940
- Retained earnings	-3	-133
. Net income	1,405	808
TOTAL	10,793	9,462

23b - Unrealized or deferred gains and losses

	Dec. 31, 2010	Dec. 31, 2009
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale assets		
- equities	375	433
- bonds	-673	-443
. Cash flow hedging derivatives	-89	-43
. Share of unrealized or deferred gains and losses of affiliates	29	19
TOTAL	-358	-34
<i>Attributable to equity holders of the parent company</i>	<i>-363</i>	<i>-53</i>
<i>Non-controlling interests</i>	<i>5</i>	<i>19</i>

* Net of tax

23c - Recycling of gains and losses recognized directly in equity

	Movements 2010	Movements 2009
Translation adjustments		
Reclassification in income	0	0
Other movements	0	-23
Sub-total	0	-23
Remeasurement of available-for-sale financial assets		
Reclassification in income	-104	595
Other movements	-196	668
Sub-total	-300	1,263
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movements	-45	-31
Sub-total	-45	-31
Share of unrealized or deferred gains and losses of affiliates	21	6
TOTAL	-324	1,214

23d - Tax on components of gains and losses recognized directly in equity

	Movements 2010			Movements 2009		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	0	0	0	-23	0	-23
Remeasurement of available-for-sale financial assets	-350	50	-300	1,708	-445	1263
Remeasurement of hedging derivatives	-46	0	-45	-30	-1	-31
Share of unrealized or deferred gains and losses of affiliates	21	0	21	6		6
Total gains and losses recognized directly in shareholders' equity	-375	50	-324	1660	-446	1214

NOTE 24 - Commitments given and received

Commitments given	Dec. 31, 2010	Dec. 31, 2009
Financing commitments		
To credit institutions	1,720	1,472
To customers	41,047	38,147
Guarantee commitments		
To credit institutions	5,061	4,198
To customers	9,035	12,381
Commitments on securities		
Other commitments given	879	1,155
Commitments given by Insurance business line	291	301

Commitments received	Dec. 31, 2010	Dec. 31, 2009
Financing commitments		
From credit institutions	22,810	14,754
Guarantee commitments		
From credit institutions	27,679	19,715
From customers	4,826	5,672
Commitments received on securities		
Other commitments received	588	532
Commitments received by Insurance business line	7,750	7,497

NOTE 25 - Interest income, interest expense and equivalent

	2010		2009	
	Income	Expense	Income	Expense
. Credit institutions and central banks	2,961	-2,287	4,174	-3,475
. Customers	9,463	-3,845	9,288	-3,697
- including finance leases and operating leases	2,603	-2,284	2,296	-1,972
. Hedging derivatives	2,511	-3,094	1,844	-2,321
. Available-for-sale financial assets	643		731	
. Held-to-maturity financial assets	170		252	
. Debt securities		-1,584		-2,050
. Subordinated debt		-106		-244
TOTAL	15,748	-10,915	16,289	-11,787

NOTE 26 - Fees and commissions

	2010		2009	
	Income	Expense	Income	Expense
Credit institutions	15	-4	5	-6
Customers	876	-7	838	-14
Securities	744	-79	713	-109
<i>of which funds managed for third parties</i>	509		491	
Derivatives	5	-20	6	-9
Foreign exchange	19	-4	16	-4
Financing and guarantee commitments	28	-10	29	-17
Services provided	1,411	-719	1,359	-690
TOTAL	3,098	-843	2,965	-850

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	2010	2009
Trading derivatives	-149	584
Instruments accounted for under the fair value option	115	-140
Ineffective portion of hedging instruments	56	-59
. Cash flow hedges	2	-1
. Fair value hedges	54	-58
. Change in fair value of hedged items	30	608
. Change in fair value of hedging items	24	-666
Foreign exchange gains (losses)	55	63
Total movements in fair value	77	448

NOTE 28 - Net gains (losses) on available-for-sale financial assets

	2010			
	Dividends	Realized gains (losses)	Impairment	Total
. Government securities, bonds and other fixed-income securities		91	0	91
. Equities and other variable-income securities	7	12	-19	0
. Long-term investments	48	9	-27	29
. Other	0	2	0	2
Total	55	114	-46	123

	2009			
	Dividends	Realized gains (losses)	Impairment	Total
. Government securities, bonds and other fixed-income securities		-72	0	-72
. Equities and other variable-income securities	11	8	-5	14
. Long-term investments	56	-1	-39	16
. Other	0	5	0	5
Total	67	-59	-44	-37

NOTE 29 - Income and expense from other activities

	2010	2009
Other income		
. Insurance contracts	10,413	9,516
- earned premiums	8,670	7,613
- net investment income	1,691	1,864
- technical and non-technical income	53	39
. Investment property	1	1
- gains on disposal	1	1
. Other income	834	222
Sub-total	11,248	9,740
Other expense		
. Insurance contracts	-9,262	-8,600
- paid benefits and claims	-4,739	-4,412
- movements in provisions	-4,546	-4,182
- technical and non-technical expense	22	-6
. Investment property	-19	-17
- net movements in depreciation and provisions (based on the accounting method selected)	-18	-17
- losses on disposal	-1	0
. Other expenses	-774	-243
Sub-total	-10,056	-8,860
Other income and expense, net	1,192	880

NOTE 30 - Operating expense

	2010	2009
Payroll costs	-2,596	-2,291
Other expenses	-2,315	-2,156
TOTAL	-4,911	-4,447

30a - Payroll costs

	2010	2009
Salaries and wages	-1,656	-1,492
Social security charges	-647	-521
Employee benefits	-8	-10
Incentive bonuses and profit-sharing	-141	-146
Payroll-related taxes	-139	-119
Other expenses	-5	-3
TOTAL	-2,596	-2,291

Average number of employees

	2010	2009
Banking staff	24,489	23,809
Management	13,218	12,762
Total	37,707	36,571
Analysis by country		
France	27,733	27,408
Rest of the world	9,974	9,163
Total	37,707	36,571

Includes 252 employees of Banco Popular Hipotecario, consolidated using the proportional method.

	2010	2009
Consolidated average number of employees (FTE)	37,707	36,571
Number of employees at end of period*	42,474	40,618

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at December 31. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

30 b - Other operating expenses

	2010	2009
Taxes and duties	-166	-213
External services	-1,862	-1,717
Other miscellaneous expenses (transportation, travel, etc)	10	11
Total	-2,017	-1,920

30 c - Depreciation, amortization and provisions for impairment of property, equipment and intangible assets

	2010	2009
Depreciation and amortization	-296	-236
- property and equipment	-197	-177
- intangible assets	-99	-59
Impairment provisions	-1	-1
- property and equipment	-1	0
- intangible assets	-1	-1
Total	-298	-237

NOTE 31 - Net additions to/reversals from provisions for loan losses

December 31, 2010	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-131	321	-116	-1	0	73
Customers	-1,530	1,317	-507	-535	63	-1,193
. Finance leases	-3	2	-2	-5	1	-6
. Other - customers	-1,527	1,315	-505	-530	61	-1,187
Subtotal	-1,661	1,638	-623	-536	63	-1,120
Held-to-maturity investments	-12	0	0	0	0	-12
Available-for-sale investments	0	1	-83	-38	0	-120
Other	-70	144	-37	0	1	37
Total	-1,742	1,783	-743	-574	63	-1,214

December 31, 2009	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-220	8	0	0	0	-212
Customers	-1,819	831	-407	-361	106	-1,649
. Finance leases	-1	4	-1	-4	0	-3
. Other customer items	-1,818	828	-405	-358	106	-1,647
Subtotal	-2,039	840	-407	-361	106	-1,861
Held-to-maturity financial assets	0	102	-105	0	0	-4
Available-for-sale financial assets	0	105	-95	-14	0	-4
Other	-89	64	0	0	2	-22
Total	-2,129	1,110	-607	-375	108	-1,892

NOTE 32 - Net gain (loss) on disposals of other assets

	2010	2009
Property, equipment and intangible assets	8	3
. Losses on disposals	-9	-6
. Gains on disposals	17	10
Gain (loss) on consolidated securities sold	0	0
TOTAL	8	3

NOTE 33 - Change in value of goodwill

	2010	2009
Impairment of goodwill	-45	-124
Negative goodwill recognized in income	0	0
TOTAL	-45	-124

NOTE 34 - Income tax

Breakdown of income tax expense

	2010	2009
Current taxes	-737	-498
Deferred taxes	114	13
Adjustments in respect of prior years	20	9
TOTAL	-604	-475

Reconciliation between the income tax expense recognized in the financial statements and the theoretical income tax expense

	2010	2009
Taxable income	2,320	1,449
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	-799	-499
Impact of specific SCR and SICOMI tax regimes	56	5
Impact of the reduced rate on long-term capital gains	34	16
Impact of specific tax rates of foreign entities	-4	3
Permanent differences		
Other*	109	0
Income tax	-604	-475
Effective tax rate	26.03%	32.79%

* Of which €77 million relating to the new tax rate applicable to the capitalization reserve introduced by the French State Budget for 2011.

NOTE 35 - Earnings per share

	2010	2009
Net income attributable to equity holders of the parent company	1,405	808
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,043,845	26,043,845
Weighted average number of shares	26,043,845	26,043,845
Basic earnings per share	53.93	31.02
Additional weighted average number of shares assuming full dilution	0	0
Diluted earnings per share	53.93	31.02

NOTE 36 - Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31, 2010. They are determined using discounted cash flows calculated based on a risk-free interest rate curve, to which is added, in the case of asset items, a credit spread computed at the CMS-CIC Group level and reviewed each year. The financial instruments included here are those associated with lending and borrowing. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this information.

The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e., the carrying amount.

Certain entities in the Group may also apply the assumption that the market value is the carrying amount, in the case of contracts with variable interest rate terms or contracts whose residual term is equal to or less than a year.

We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferrable or are not in practice traded before maturity. As such, no entries are made for related capital gains or losses.

However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2010.

	Dec. 31, 2010		Dec. 31, 2009	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	65,415	64,995	105,547	104,887
Loans and receivables due from customers	159,542	160,813	152,072	150,984
Held-to-maturity financial assets	8,926	9,189	7,672	7,743
Liabilities				
Amounts due to credit institutions	38,193	38,145	91,481	91,254
Amounts due to customers	116,325	114,662	105,649	102,875
Debt securities	94,646	94,320	86,969	86,089
Subordinated debt	8,619	9,176	7,819	7,933

NOTE 37 - Related party transactions

Statement of financial position items relating to related party transactions

	Dec. 31, 2010			Dec. 31, 2009			
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies - CM5 Group
Assets							
Loans, advances and securities							
Loans and receivables due from credit institutions	0	0	2,351	43,130	0	3,584	84,688
Loans and receivables due from customers	0	0	63	0	0	36	0
Securities	0	0	192	95	0	419	27
Other assets	0	0	0	0	0	0	0
Total	0	0	2,607	43,225	0	4,039	84,715
Liabilities							
Deposits							
Due to credit institutions	0	15	2,974	12,966	0	5,821	51,683
Due to customers	0	0	58	0	0	37	0
Debt securities	0	0	697	4	0	831	0
Other liabilities	0	0	304	1,250	0	266	1,250
Total	0	15	4,033	14,220	0	6,955	52,933
Financing commitments received	0	0	25	0	0	0	0
Guarantee commitments received	0	0	333	265	0	54	245

Income statement items relating to related party transactions

	2010			2009			
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies - CM5 Group
Interest received	11	0	116	2,192	8	155	2,964
Interest paid	0	0	-63	-1,175	0	-103	-1,720
Fee and commissions received	6	0	0	32	6	0	21
Fee and commissions paid	-4	0	-15	-243	-4	-17	-243
Other income (expense)	-4	0	-153	8	-46	-198	14
General and administrative expense	-265	0	0	-26	-236	0	-20
Total	-255	0	-116	787	-271	-162	1,016

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CMCEE Group. The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities. In the case of companies consolidated using the proportional method, the amounts include the proportion of intercompany transactions not eliminated on consolidation.

Relationships with the Group's key management

Consistent with the regulatory changes (CRBF Regulation 97-02) and compliance with professional recommendations, the Group's deliberative bodies, and in particular the Board of Directors of BFCM, made commitments in the area of remuneration for financial market professionals as well as remuneration for company officers and directors. These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site. Remuneration received by the BFCM Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. For each of these activities, remuneration includes a fixed and a variable portion. Remuneration is listed in the table below. This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsibility. The variable portion is determined on a discretionary and lump sum basis. During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees. The Group's officers and directors did not receive any other specific benefits. They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies or companies outside the Group but on whose board they sit as a result of their functions within the Group. The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees.

Fixed and variable remuneration paid to BFCM's corporate officers and directors in 2010

Amounts in €	Source	Fixed portion	Variable portion	In-kind benefits	Employer contribution for supplementary benefits	Total 2010	Total 2009
Etienne Pflimlin							
Chairman of the Board of Directors: BFCM	Crédit Mutuel	620,000	0	3,650	6,491	630,141	756,099
Michel Lucas							
Chief Executive Officer: BFCM	Crédit Mutuel	550,000	0	5,298	5,481	560,779	563,017
President of the Executive Board: CIC		550,000			2,416	552,416	552,216

Moreover, following the changes in the company and board mandates and liquidation of retirement benefits for Michel Lucas and Etienne Pflimlin in 2010, the Board of Directors meeting of October 22, 2010 determined that the criteria and conditions for the payment of indemnities approved by the Board of Directors meeting of December 19, 2008 had been satisfied. As a result, the Board of Directors meeting of October 22, 2010 authorized the payout of the stipulated indemnities, namely €815,452 to Etienne Pflimlin and €1,376,146 to Michel Lucas.

NOTE 38 - Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2010 were approved by the Board of Directors at its meeting of February 24, 2011.

NOTE 39 - Exposure to risk

The risk exposure information required by IFRS 7 is included in Section IV of the management report.

NOTE 40 - Statutory auditors' fees

	ERNST & YOUNG				KPMG AUDIT			
	Amount		Percentage		Amount		Percentage	
	2010	2009	2010	2009	2010	2009	2010	2009
<i>Audit</i>								
Statutory audit, certification and review of financial statements								
- BFCM	104	63	3%	2%	121	87	2%	2%
- Fully consolidated subsidiaries	2 706	2 955	88%	94%	2 888	2 545	55%	68%
Other assignments and services directly related to the statutory audit								
- BFCM	40	47	1%	1%	25	38	0%	1%
- Fully consolidated subsidiaries	117	6	4%	0%	235	19	4%	1%
<i>Subtotal</i>	2 967	3 071	97%	98%	3 269	2 689	63%	71%
<i>Other services provided by the networks to fully consolidated subsidiaries</i>								
- Legal, tax and employee-related	0	0	0%	0%	315	7	6%	0%
- Other	99	64	3%	2%	1 631	1 066	31%	28%
<i>Subtotal</i>	99	64	3%	2%	1 946	1 073	37%	29%
<i>Total</i>	3 066	3 135	100%	100%	5 215	3 762	100%	100%

The total audit fees paid to statutory auditors which are not members of the network of one of the statutory auditors certifying the consolidated and individual financial statements of BFCM mentioned in the table above, amounted to €7,335 thousand for the 2010 financial year.

5.5 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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92923 Paris-La Défense Cedex

Statutory Auditor
Member of the Versailles regional
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ERNST & YOUNG and Others
41, rue Ybry
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(Simplified stock company with variable capital)
Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2010

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December, 31, 2010 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Credit Mutuel, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- In the context of continued high volatility in the financial markets, and the still uncertain environment, the Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1 and 12 to the consolidated financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.
- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.
- The Group carried out impairment tests on goodwill which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the estimates which resulted, where relevant, in the recognition of provisions to cover said impairment losses.
- The Group records impairment losses and provisions to cover the credit and counterparty risks inherent to its business (Notes 1, 8, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the assessment of the risks of non-recovery and their coverage by individual and collective impairment provisions.
- The company recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13 to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

- The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011

French original signed by

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG and Others

Arnaud Bourdeille

Isabelle Santenac

Chapter VI

GENERAL AND LEGAL INFORMATION

6.1 Shareholders' Meetings of May 11, 2011

6.1.1 Ordinary General Meeting of Shareholders of May 11, 2011

FIRST RESOLUTION

After hearing the reports of the Board of Directors and Statutory Auditors, the Ordinary General Meeting approves the financial statements and the balance sheet for the year ended December 31, 2010 as presented, which show net income of €302,074,929.32.

It also approves the transactions shown in the financial statements or summarized in these reports.

The Ordinary General Meeting gives discharge to the Directors and the Statutory Auditors in respect of the performance of their responsibilities for the past financial year.

SECOND RESOLUTION

The Ordinary General Meeting decides to appropriate the net income for the financial year in the amount of €302,074,929.32, plus the retained earnings from the previous financial year in the amount of €10,984.78, giving a total amount of €302,085,914.20, as follows:

- transfer to the legal reserve in the amount of €10,423,677.00;
- transfer to the optional reserve in the amount of €291,000,000.00;
- transfer to retained earnings the remaining balance of €662,237.10.

In accordance with the legal provisions in force, we remind you that the dividends paid per share for the last three financial years were as follows:

<i>Financial year</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Amount in €	7.48	-	4.96
Dividend eligible for deduction under Article 158 of the French Tax Code (CGI)	Yes	-	Yes

THIRD RESOLUTION

The Ordinary General Meeting approves the consolidated financial statements for the year ended December 31, 2010 as presented by the Board of Directors.

FOURTH RESOLUTION

The Ordinary General Meeting ratifies the co-opting of Mr Etienne Grad as a member of the Board of Directors, as replacement for Mrs Marie-Paule Blaise, for the remaining period of the latter's term of office, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2012.

FIFTH RESOLUTION

The Ordinary General Meeting ratifies the co-opting of Mr Fernand Lutz as a member of the Board of Directors, as replacement for Mr Pierre Neu, for the remaining period of the latter's term of office, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2010.

SIXTH RESOLUTION

The Ordinary General Meeting renews for a term of three years the office of Mr Roger Danguel as a member of the Board of Directors.

His term of office shall end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

SEVENTH RESOLUTION

The Ordinary General Meeting renews for a term of three years the office of Mr Jean-Louis Girodot as a member of the Board of Directors.

His term of office shall end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

EIGHTH RESOLUTION

The Ordinary General Meeting renews for a term of three years the office of Mr Gérard Oliger as a member of the Board of Directors.

His term of office shall end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

NINTH RESOLUTION

The Ordinary General Meeting confers all powers on the bearer of the originals, copies or extracts of these minutes to perform all registrations, declarations and publications as required.

6.1.2 Extraordinary General Meeting of Shareholders of May 11, 2011

FIRST RESOLUTION

After hearing the reports of the Board of Directors, the Extraordinary General Meeting decides to amend Articles 10, 18 and 19 of the Company's bylaws as follows:

Current version [translation]	Proposed amendments [translation]
<p>Article 10 - Conditions for admission of shareholders</p> <p>The only shareholders of the company shall be:</p> <ol style="list-style-type: none"> 1) Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale du Crédit Mutuel du Centre Est Europe and the mutual insurance company Assurances du Crédit Mutuel - Vie. 2) Caisses de Crédit Mutuel and other cooperative and mutual bodies that are members of the Fédérations du Crédit Mutuel Centre Est Europe, du Sud-Est, d'Ile-de-France, de Savoie-Mont Blanc and de Midi-Atlantique. 3) Departmental and interdepartmental Caisses and the Caisse Centrale du Crédit Mutuel covered by Article 5-1 paragraphs 3 and 4 of the decree of October 16, 1958. The subsidiaries or shareholdings of entities covered by points 2 and 3 above and which are controlled by one or more departmental or interdepartmental Caisses. 4) The members of the Company's Board of Directors. <p>Individuals or legal entities that do not fall into any of the abovementioned categories and who remain owners of shares in the company may retain their shares in their personal capacity.</p> <p>The provisions of this article may be modified only after obtaining approval from the Chambre Syndicale de la Fédération du Crédit Mutuel du Centre Est Europe and the General Meeting of Caisse Fédérale du Crédit Mutuel du Centre Est Europe.</p>	<p>Article 10 - Conditions for admission of shareholders</p> <p>The only shareholders of the company shall be:</p> <ol style="list-style-type: none"> 1) Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale de Crédit Mutuel and the mutual insurance company Assurances du Crédit Mutuel - Vie. 2) Caisses de Crédit Mutuel and other cooperative and mutual bodies that are members of the Fédérations du Crédit Mutuel Centre Est Europe, du Sud-Est, d'Ile-de-France, de Savoie-Mont Blanc, de Midi-Atlantique, du Centre, de Dauphiné-Vivaraïs, de Loire-Atlantique et Centre-Ouest, Méditerranéen and de Normandie. 3) Departmental and interdepartmental Caisses and the Caisse Centrale du Crédit Mutuel covered by Article 5-1 paragraphs 3 and 4 of the decree of October 16, 1958. The subsidiaries or shareholdings of entities covered by points 2 and 3 above and which are controlled by one or more departmental or interdepartmental Caisses. 4) The members of the Company's Board of Directors. <p>Individuals or legal entities that do not fall into any of the abovementioned categories and who remain owners of shares in the company may retain their shares in their personal capacity.</p> <p>The provisions of this article may be modified only after obtaining approval from the Chambre Syndicale de la Fédération du Crédit Mutuel du Centre Est Europe and the Extraordinary General Meeting of Caisse Fédérale de Crédit Mutuel.</p>
<p>Article 18 - Chairman of the Board of Directors</p> <p>The Board of Directors elects from among its members a Chairman and a Vice-Chairman who must be individuals.</p> <p>The age limit for the Chairman is set at seventy years. It comes into effect at the end of the first Board Meeting following the Ordinary General Meeting having ruled on the financial statements for the year just ended and being held in the year in which this age is reached. However, before this limit takes effect, the Board of Directors may extend it on one or more occasions for a total period not exceeding two years.</p> <p>The Chairman represents the Board of Directors. He organizes and directs the Board's work and reports thereon to the General Meeting. He ensures the proper running of the company's bodies and, in particular, that the Directors are able to fulfill their mission.</p>	<p>Article 18 – Chairman of the Board of Directors</p> <p>Unchanged</p> <p>The age limit for the Chairman is set at seventy-five years. It comes into effect at the end of the first Board Meeting following the Ordinary General Meeting having ruled on the financial statements for the year just ended and being held in the year in which this age is reached. However, before this limit takes effect, the Board of Directors may extend it on one or more occasions for a total period not exceeding two years.</p> <p>Unchanged</p>
<p>Article 19 –Executive Management</p>	

<p><i>Methods of operation</i></p> <p>In accordance with Article L.225—51-1 of the French Commercial Code, the company's Executive Management is assumed, under its responsibility, either by the Chairman of the Board of Directors or by another individual, taken from among the members of the Board of Directors or otherwise, who is appointed by the Board of Directors and assumes the title of Chief Executive Officer.</p> <p>The choice between these two methods of operation for Executive Management is made by the Board of Directors. The Board's deliberation on the choice of the method of operation for Executive Management is taken by a majority of the Directors present or represented. The Board of Directors' choice is made known to the shareholders and third parties under the conditions provided for by the prevailing regulations.</p> <p>Changing the method of operation for Executive Management does not require the bylaws to be amended.</p> <p><i>Executive Management</i></p> <p>Depending on the method of operation selected by the Board of Directors, the Chairman or Chief Executive Officer provides, under its responsibility, Executive Management of the company.</p> <p>The Chief Executive Officer is appointed by the Board of Directors, which sets his term of office, determines his remuneration and, where applicable, any restrictions on his power.</p> <p>The age limit for the Chief Executive Officer is set at seventy years. It comes into effect at the end of the first Board Meeting following the Ordinary General Meeting having ruled on the financial statements for the year just ended and being held in the year in which this age is reached. However, before this limit takes effect, the Board of Directors may extend it on one or more occasions for a total period not exceeding two years.</p> <p>The Chief Executive Officer may be removed at any time by the Board of Directors.</p> <p><i>Chief Executive Officer's powers</i></p> <p>The Chief Executive Officer is invested with the widest powers to act in the company's name under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to the powers expressly attributed by the law to General Meetings and the Board of Directors.</p> <p>He represents the company in its dealings with third parties. The company is bound even by acts of the Chief Executive Officer that are not covered by the corporate purpose, unless it proves that the third party was aware that the act in question exceeded this purpose or that it could not be unaware of this given the circumstances, it being understood that the mere publication of the bylaws is insufficient to constitute this proof.</p> <p><i>Chief Operating Officers</i></p> <p>At the proposal of the Chief Executive Officer, whether this function is exercised by the Chairman of the Board of Directors or by another person, the Board of Directors can appoint one or more individuals to assist the Chief Executive Officer with the title of Chief Operating Officer(s).</p> <p>The maximum number of Chief Operating Officers is set at five.</p> <p>In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to the Chief Operating Officers and sets their remuneration.</p>	<p>Article 19 –Executive Management</p> <p><i>Methods of operation</i></p> <p>Unchanged</p> <p>Unchanged</p> <p>Unchanged</p> <p><i>Executive Management</i></p> <p>Unchanged</p> <p>Unchanged</p> <p>The age limit for the Chief Executive Officer is set at seventy-five years. It comes into effect at the end of the first Board Meeting following the Ordinary General Meeting having ruled on the financial statements for the year just ended and being held in the year in which this age is reached. However, before this limit takes effect, the Board of Directors may extend it on one or more occasions for a total period not exceeding two years.</p> <p>Unchanged</p> <p><i>Chief Executive Officer's powers</i></p> <p>Unchanged</p> <p>Unchanged</p> <p><i>Chief Operating Officers</i></p> <p>Unchanged</p> <p>Unchanged</p> <p>Unchanged</p>
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<p>With regard to third parties, the Chief Operating Officer or Chief Operating Officers has/have the same powers as the Chief Executive Officer.</p> <p>In the event of cessation of functions or impediment of the Chief Executive Officer, the Chief Operating Officers retain, unless decided otherwise by the Board of Directors, their functions and powers until the appointment of a new Chief Executive Officer.</p> <p>The Chief Operating Officers may be removed at any time at the proposal of the Chief Executive Officer. Removal of the Chief Operating Officers may result in damages if such action is decided without due grounds.</p>	<p>The age limit for the Chief Operating Office(s) is set at seventy years. It comes into effect at the end of the first Board Meeting following the Ordinary General Meeting having ruled on the financial statements for the year just ended and being held in the year in which this age is reached. However, before this limit takes effect, the Board of Directors may extend it on one or more occasions for a total period not exceeding two years.</p> <p>Unchanged</p> <p>Unchanged</p> <p>Unchanged</p>
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SECOND RESOLUTION

After hearing the report of the Board of Directors, and pursuant to Article L.225-129 of the French Commercial Code, the General Meeting authorizes the Board of Directors, on its decisions alone, to increase the share capital, on one or more occasions, up to a maximum of €350 million, including share premium, within a maximum period of three years.

THIRD RESOLUTION

The General Meeting decides that the delegation of power granted above may apply, within the three-year period, for all capital increases staged:

- either through the issue, with or without a premium, of ordinary cash shares to be paid in cash or through an offset against liquid receivables due from the company;
- with or without cancellation of preferential subscription rights; the Statutory Auditors shall prepare, where applicable, their special report on the cancellation of preferential subscription rights;
- or through the creation of ordinary shares representing contributions in kind, subject to approval and verification of said contributions in accordance with the legal conditions by the Extraordinary General Meeting of Shareholders;
- or through the incorporation of reserves, premiums or earnings with, as a corollary, the distribution of bonus ordinary shares or an increase in the nominal value of the existing shares;
- or through the conversion of securities giving access to the capital.

FOURTH RESOLUTION

After hearing the report of the Board of Directors, and acknowledging the provisions of Article L.225-129-6 of the French Commercial Code, the General Meeting decides that the Board of Directors may increase the share capital, on one or more occasions, up to a maximum of €42 million through the creation and issue of new cash shares during capital increases for cash that it shall have decided to stage in connection with this delegation of power.

These capital increases, reserved for company employees, are carried out in accordance with the conditions stipulated in Article L.3332-18 to L.3332-24 of the French Labor Code.

During each capital increase decided, the Board of Directors shall inform the company's employees accordingly, close the subscription period early if all the shares have been subscribed, receive the

subscriptions, receive payments for the shares, deposit the funds in accordance with the statutory conditions, acknowledge payments for shares made by way of offset, if any, take all useful measures and perform all necessary formalities to definitively complete the capital increase it has decided to stage.

FIFTH RESOLUTION

The General Meeting confers all powers on the Board of Directors to decide on and perform all acts, take all measures, perform all necessary formalities to stage the capital increases anticipated in connection with this delegation of power.

SIXTH RESOLUTION

Pursuant to Article L.225-129-2 of the French Commercial Code, the General Meeting confers all powers on the Board of Directors for the purposes of making any amendments to the company's bylaws as required as a result of staging of one or more capital increases under the authorizations conferred on it.

SEVENTH RESOLUTION

The General Meeting acknowledges the termination by Mr Robert Laval of his term of office as a Director with effect from April 8, 2011.

EIGHTH RESOLUTION

The General Meeting acknowledges the termination by Mr Fernand Lutz of his term of office as a Director with effect from April 8, 2011.

NINTH RESOLUTION

The General Meeting appoints Mr François Duret as a member of the Board of Directors for a period of three years.

His term of office shall come to an end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

TENTH RESOLUTION

The General Meeting appoints Mr Pierre Filliger as a member of the Board of Directors for a period of three years.

His term of office shall come to an end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

ELEVENTH RESOLUTION

The General Meeting appoints Mr Eckart Thomä as a member of the Board of Directors for a period of three years.

His term of office shall come to an end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

TWELFTH RESOLUTION

The General Meeting appoints Mr Michel Vieux as a member of the Board of Directors for a period of three years.

His term of office shall come to an end with the General Meeting called to approve the financial statements for the year ending December 31, 2013.

THIRTEENTH RESOLUTION

The General Meeting confers all powers on the bearer of an original, copy or extract of these minutes to complete all filing, publication and other formalities as necessary.

6.2 Special report of the statutory auditors on regulated agreements and commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit
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1, cours Valmy
92923 Paris-La Défense Cedex

Statutory auditors
Member of the Versailles
regional institute of accountants

ERNST & YOUNG et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable
(Simplified stock company with variable capital)
Statutory auditors
Member of the Versailles
regional institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

General Meeting called to approve the financial statements for the year ended December 31, 2010

Statutory auditors' report on related party agreements

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements. It is your responsibility, in accordance with Article R.225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements submitted for approval by the General Meeting of Shareholders

Agreements authorized during the year

We hereby inform you that we have not been advised of any agreements authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L.225-38 of the French commercial code (Code de Commerce).

Agreements authorized after closing

We have been advised of certain related party agreements which received prior authorization from your Board of Directors after closing.

1. With Messrs Etienne Pflimlin and Michel Lucas, members of the Board of Directors

Person(s) concerned : Etienne Pflimlin and Michel Lucas

Nature and purpose

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code and the agreement entered into by the Crédit Mutuel group and the French State on October 23, 2008, your company's Board of Directors, at the proposal of the remuneration committee, had decided at its meeting of December 19, 2008 to replace its decision of July 6, 2007 with the authorization for a new agreement relating to the remuneration of the Chairman and the Chief Executive Officer.

When ceasing to hold office, the Chairman of the Board of Directors and the Chief Executive Officer shall receive:

- a termination benefit, comparable to that enjoyed by employees covered by the Crédit Mutuel Centre Est Europe group's collective bargaining agreement,
- remuneration equivalent to the employee savings plan provisions applicable to group employees during the period in which they hold office as Chairman of the Board of Directors and the Chief Executive Officer respectively.

For each beneficiary, the total of these two parts cannot exceed two years of the amount of the average annual net remuneration paid by your company during the four years prior to their departure. In the case of Mr Pflimlin, the decision taken by the Board of Directors on October 22, 2010 relating to actual payment of the indemnity in accordance with the procedures set brought to an end the aforementioned agreement of December 19, 2008.

For Mr Lucas, the purpose of the decision taken by the Board of Directors on October 22, 2010 at the proposal of the remuneration committee was to pay these indemnities as settlement of his retirement benefits. These specific procedures, which supersede previous commitments and constitute an amendment of the aforementioned regulated agreement, were formalized in a new agreement authorized at the meeting of the Board of Directors held on April 8, 2011.

Conditions

Indemnities paid amounted to €815,452 for Mr Pflimlin and €1,376,146 for Mr Lucas, the payment criteria and conditions having been met.

Agreements already approved by the General Meeting of Shareholders

Agreements approved in prior years whose implementation continued during the year

In accordance with Article R.225-30 of the French commercial code (Code de Commerce), we have been advised that the implementation of the following agreements which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. With Caisse Fédérale de Crédit Mutuel (CFCM)

Nature and purpose

The CM5-CIC group wished to set up an internal system to securitize its receivables representing housing loans granted to its customers and ineligible for other current refinancing arrangements (Caisse de refinancement de l'habitat, the SFEF, covered bonds program) in order to create an additional source of refinancing.

The securitization was carried out by a securitization mutual fund called CM-CIC Home Loans FCT. A “securitizable loan” was granted by CFCM to your company, which used this amount to fund the CM5-CIC group’s traditional refinancing channels. This loan was subsequently purchased by CM-CIC Home Loans FCT, which issued notes to finance this acquisition. These notes were then immediately acquired by your company and deposited under repurchase agreements with the European Central Bank to cover the refinancing granted by the central bank.

The commitments given by your company in respect of this “securitizable loan” granted by CFCM are guaranteed by financial guarantees on housing loan receivables. These are issued by local branches of Crédit Mutuel that belong to CFCM and by banks within the CIC group (the “providers of guarantees”) in favor of CFCM on behalf of your company. Thus, when it purchased the securitizable loan, CM-CIC Home Loans FCT became the beneficiary of the guarantees issued and may take advantage of this to obtain an AAA rating.

This financial guarantee agreement (the “Collateral Security Agreement”) is between, firstly, your company as borrower, agent for the financial guarantee and the “provider of guarantees” on its own behalf, secondly, CFCM as intermediary bank which granted the securitizable loan to your company, and, lastly, all CM5-CIC group entities called on to provide guarantees.

This agreement provides in particular for the terms and conditions of remuneration of each “provider of guarantees”.

At its meeting of August 3, 2009, your company’s Board of Directors authorized this operation. As such, several contractual documents were signed by your company with Caisse Fédérale de Crédit Mutuel.

Conditions

The collateral security agreements entered into with the guarantee providers represented a charge of €600 thousand for your company in 2010 on guaranteed balances of €4,008 million at December 31, 2010.

The loan granted to your company by Caisse Fédérale de Crédit Mutuel on inception of the operation and subsequently acquired by CM-CIC Home Loans FCT amounted to €3,000 million at December 31, 2010. Interest expense recognized in this regard by your company during the year ended December 31, 2010 amounted to €40 million.

The “notes” issued by CM-CIC Home Loans FCT and held by your company totaled €3,000 million at December 31, 2010. Interest income recognized in this regard by your company during the year ended December 31, 2010 amounted to €40 million.

2. With CM-CIC Covered Bonds

Nature and purpose

The CM5-CIC group wished to significantly increase its medium- and long-term financing base to meet the needs created by its expansion. As such, a project was initiated to create favorable refinancing conditions for certain real estate loans.

Since 2007, this refinancing has been carried out through a subsidiary of your company, called CM-CIC Covered Bonds, whose sole activity is to refinance the CM5-CIC group by issuing covered bonds as part of a Euro Medium Term Notes issuance program.

The proceeds from these issues enable CM-CIC Covered Bonds to fund the CM5-CIC group's traditional refinancing channels by granting loans to your company.

At its meeting of August 3, 2009, your company's Board of Directors authorized the riders to the Program Documents in connection with the increase in the cap on the issuance of Covered Bonds.

Conditions

At 31 December 31, 2010, loans granted by CM-CIC Covered Bonds to your company totaled €15,395 million. In this respect, your company recognized an expense of €436.7 million in the financial statements for the year ended December 31, 2010.

3. With EBRA S.A.S

Nature and purpose

In previous years, your company granted a current account advance in connection with the acquisition of an equity interest in Ebra S.A.S.

Conditions

At December 31, 2010, this current account advance amounted to €83,261,014. Remuneration received in respect of the year ended December 31, 2010 and capitalized on the amount of the advance amounted to €1,416,543.

4. With Société Française d'Édition de Journaux et d'Imprimés Commerciaux « L'Alsace » S.A.S (SFEJIC S.A.S)

Nature and purpose

In previous years, your company granted a current account advance to SFEJIC S.A.S.

Conditions

At December 31, 2010, this current account advance amounted to €5,370,740. Remuneration received in respect of the year ended December 31, 2010 and capitalized on the amount of the advance amounted to €97,205.

5. With Soderec S.A

Nature and purpose

In previous years, your company granted a current account advance to Soderec S.A.

Conditions

At December 31, 2010, this current account advance amounted to €165,086. Remuneration received in respect of the year ended December 31, 2010 amounted to €6,603.

6. With Investmonde S.A.S

Nature and purpose

In previous years, your company granted a current account advance to Investmonde S.A.S.

Conditions

At December 31, 2010, this current account advance amounted to €3,198. No interest was paid on this advance in 2010.

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011

French original signed by

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

Ernst & Young et Autres

6.3 Other reference document information

6.3.1 Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements

Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements includes the following points extracted from the following chapters:

Chapter I BFCM Group presentation

1.4 Competitive position: page 10

Chapter III – Risk factors (extracts)

Interbank loans: page 108

Balance sheet management, interest-rate risk management: pages 109 et seq.

Risk management, CAD: page 115

The European solvency ratio: pages 116 et seq.

6.3.2 Date of latest financial information

BFCM's latest reported financial information dates from December 31, 2010.

6.3.3 Half-year financial information

Not applicable.

6.3.4 Material changes in the issuer's financial position

There have been no material changes in the BFCM group's financial or commercial position since publication on February 24, 2011 of the financial statements for the year ended December 31, 2010. Similarly, there has been no material deterioration in BFCM's prospects since this date.

6.3.5 Recent events specific to BFCM having a material impact on the measurement of its solvency

There have been no material changes in the Group's financial or commercial position since the end of the last financial year for which audited financial statements have been published that are likely to affect its solvency.

6.3.6 Earnings forecasts and estimates

Not applicable.

6.3.7 Major contracts

There are no major contracts (other than contracts entered into in the normal course of business) that might confer on BFCM and/or its fully- or partially-consolidated subsidiaries a right or obligation impacting BFCM's capacity to meet its obligations towards the holders of securities issued by it imposed by such securities.

6.3.8 Information from third parties, experts' declarations and declarations of interest

Not applicable.

6.3.9 Legal proceedings and arbitration

During the last 12 months, BFCM has had no knowledge of any governmental, legal or arbitration proceedings in progress, pending or in preparation, that might have or which have recently had a material effect on the financial position or profitability of BFCM and/or its fully- or partially-consolidated subsidiaries.

6.4 Sundry information

6.4.1 Issuer's corporate name and trading name

Banque Fédérative du Crédit Mutuel (BFCM)

6.4.2 BFCM's place of constitution and registration number

Strasbourg B 355 801 929

French APE/NAF code: 6419 Z

6.4.3 BFCM's date of constitution and term

The company was formed on June 1, 1933 under the name "Banque Mosellane". Except in the event of an extension or early winding up, it will cease to exist on June 1, 2032.

6.4.4 Registered office, legal form, legislation governing BFCM's activities, country of origin, telephone number of BFCM's registered office

BFCM is a French *Société Anonyme à Conseil d'Administration* (joint-stock company with a Board of Directors). As a credit institution and *société anonyme*, it is subject to a statutory audit by two registered audit firms. The statutory auditors are appointed by the company's General Meeting for a term of six years, subject to approval by the French Banking Commission.

BFCM is governed by the provisions of the French Commercial Code regarding *sociétés anonymes* and by the laws applicable to French credit institutions, the bulk of which is codified in the French Monetary and Financial Code. BFCM is a member bank of Fédération Bancaire Française (FBF – French Banking Federation).

The legal documents relating to Banque Fédérative du Crédit Mutuel may be consulted at the company's registered office at 34 rue du Wacken, 67000 Strasbourg, France ☎ +33 (0)3 88 14 88 14.

Corporate purpose (Article 2 of the company's bylaws)

The company's purpose is to:

- organize and develop the diversification activities of the group that it forms with the Caisses de Crédit Mutuel within its own business scope and the Caisse Fédérale de Crédit Mutuel and the Fédération du Crédit Mutuel Centre Est Europe,
- undertake, for its own account, on behalf of third parties or on a joint basis, in France and elsewhere, all banking operations and all connected and ancillary operations, to perform all insurance brokerage activities and, more generally, all insurance intermediation activities as well as all other operations falling within a bank's scope of activity in accordance with the regulations and prevailing legislation,
- acquire or manage any direct or indirect shareholdings in any French or foreign companies by means of the formation of companies, contributions of companies, subscriptions or purchases of shares or equity interests, mergers, associations or shareholdings, guarantee syndicates or otherwise, and
- generally undertake all financial, industrial, commercial, movable and immovable property operations relating directly or indirectly to the aforementioned purposes or falling within a bank's scope of activity.
- The company's purpose is also to provide investment services governed by the French Monetary and Financial Code.

Financial year

The company's financial year runs from January 1 to December 31 of each calendar year.

Appropriation of profits (Article 40 of the company's bylaws)

After allocation to the legal reserve, if the financial statements for the financial year approved by the General Meeting show a distributable profit, the General Meeting shall decide to allocate said profit to one or more reserve accounts whose allocation and use it shall determine, to carry it forward as retained earnings or to distribute it.

In the event of a distribution, the dividends shall in the first instance be drawn from the profits of the year just ended.

After recognizing the existence of reserves at its disposal, the General Meeting may decide to distribute sums taken from these reserves. In this case, the decision shall expressly indicate the specific reserves from which the amounts are to be taken.

The General Meeting approving the financial statements for the year has the option to grant each shareholder a choice between payment in cash or in shares, for all or part of the dividend distributed, in accordance with the prevailing legal provisions.

The Board of Directors may also decide to pay interim dividends, granting each shareholder a choice between payment in cash or in shares.

General Meetings

The General Meeting is called by the Board of Directors by publication of a notice in a journal recognized for the publication of legal notices in the location of the registered office. This notice of meeting is reproduced in the form of an individual letter sent by ordinary mail to shareholders who have held registered shares for at least one month at the date of publication of this notice.

As the share capital is composed entirely of ordinary shares, one share entitles the holder to one vote.

There are no double voting rights.

Furthermore, the bylaws do not make provision for a declaration threshold. BFCM's share capital is "closed" (see Article 10 of BFCM's bylaws on page 182).

6.4.5 Additional specific provisions relating to the issuer

Shareholder structure:

Conditions for admission of shareholders (extract from BFCM's bylaws, Article 10)

The only shareholders of the company shall be:

- ❶ Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale de Crédit Mutuel and the mutual insurance company Assurances du Crédit Mutuel - Vie;
- ❷ Caisses de Crédit Mutuel and other cooperative and mutual bodies that are members of the Fédérations du Crédit Mutuel Centre Est Europe, du Sud-Est, d'Île-de-France, de Savoie Mont-Blanc and de Midi-Atlantique;
- ❸ Departmental and interdepartmental Caisses and the Caisse Centrale du Crédit Mutuel covered by Article 5-1 paragraphs 3 and 4 of the decree of October 16, 1958. The subsidiaries or shareholdings of entities covered by points 2 and 3 above and which are controlled by one or more departmental and interdepartmental Caisses.
- ❹ The members of the company's Board of Directors.

Individuals or legal entities that do not fall into any of the abovementioned categories and who remain owners of shares in the company may retain their shares in their personal capacity.

The provisions of this article may be modified only after obtaining approval from the Chambre Syndicale de la Fédération du Crédit Mutuel Centre Est Europe and the General Meeting of Caisse Fédérale de Crédit Mutuel.

Transfer of BFCM shares

The shares are fully tradable, but transfer of share ownership can take place only between legal entities or individuals meeting the above conditions, after obtaining approval from the Board of Directors (article 11 of the bylaws).

Amount of the subscribed capital, number and class of shares making up the share capital

The share capital amounts to €1,302,192,250.00 and is divided into 26,043,845 shares of €50 each, all belonging to the same class.

Unissued authorized capital

None.

Financial instruments not representative of capital

The table below shows all bonds issued by BFCM, listed on Eurolist of Euronext Paris under the heading “Bonds – Private sector”.

Summary of debt instruments issued by BFCM (at 31 December 31, 2010)

Code	Name	Year of issuance	Maturity	In issue (€ thousand)
FR0000187676	BFCM 5.40% 2001 TSR	2001	06/29/2011	50 000
FR0010539627	BFCM 5.10% 07-15 TSR	2007	12/18/2015	300 000
FR0010615930	BFCM 5.50% 08-16 TSR	2008	06/16/2016	300 000
FR0010690024	BFCM 6.10% 08-16 TSR	2008	12/16/2016	500 000
FR0010641126	BFCM 5.60% 11	2008	08/08/2011	300 000
FR0010665216	BFCM 5.20% 08-11	2008	10/21/2011	300 000
FR0010733626	BFCM 4.05% 090413	2009	04/09/2013	400 000
FR0010762989	BFCM ZERO CPN 07/16/17	2009	07/16/2017	1 000 000
FR0010892570	BFCM 4% 06/16/20	2010	06/16/2020	300 000

The above comprises only the nominal amount of issues and excludes Euro Medium Term Notes

Convertible bonds that can be exchanged or redeemed giving access to the capital

None.

Statement of changes in capital

See page 87, “Five-year financial summary”

The amount and composition of the capital have not changed since the issue in 2003 of 114,214 new shares allocated to Caisse Régionale du Crédit Mutuel d’Île de France (CRCMIDF) as consideration for the transfer to BFCM of the 949,987 shares held by CRCMIDF in Banque de Crédit Mutuel d’Île de France.

Market for the issuer’s securities

Banque Fédérative du Crédit Mutuel’s shares are not quoted or traded on any market.

Dividends

Earnings and dividends for the last five years:

	2006	2007	2008	2009	2010
Number of shares at December 31	26,043,845	26,043,845	26,043,845	26,043,845	26,043,845
Net earnings (€/share)	8.03	9.76	-5.01	12.71	11.60
Gross dividends (€/share)	5.38	7.48		4.96	

Dividends not claimed are subject to the provisions of Article (a) L.27-3 of the *Code du Domaine de l'Etat*

(a) Article L.27-3 of the *Code du Domaine de l'Etat* states that:

“...Deposits of pecuniary sums and, more generally, all cash assets held at banks, credit institutions and all other establishments holding funds on deposit or in current accounts, when such deposits or assets have not been subject to any operation or claim for thirty years by those entitled to such sums, shall definitively revert to the State...”

6.4.6 Regulatory ratios *

- European solvency ratio

Information relating to the European solvency ratio is presented in the risk report on page 116.

- Large risks

Credit institutions must prove at all times that:

- the total amount of risk incurred on transactions with a given beneficiary does not exceed 25% of shareholders' equity.

It is mandatory for this ratio to be compiled on a consolidated basis. At December 31, 2010, the Crédit Mutuel Centre Est Europe group (which includes BFCM) complied with this large risks ratio.

- Liquidity ratio

This ratio measures the bank's capacity to repay its very short-term deposits and borrowings. It is the ratio between liquid assets and amounts due in the coming month. Credit institutions must maintain a ratio of at least 100% at all times. Banque Fédérative du Crédit Mutuel complied with this ratio throughout 2010 and in the first quarter of 2011.

Banque Fédérative du Crédit Mutuel's liquidity ratio was:

102% at March 31, 2011; 107% at December 31, 2010; 138% at December 31, 2009; 232% at December 31, 2008.

* Figures not audited by the statutory auditors

6.5 Person responsible for the Reference Document and persons responsible for the audit of the financial statements

Person responsible for the Reference Document

Mr Michel Lucas, Chairman and Chief Executive Officer of Banque Fédérative du Crédit Mutuel.

Certification by the person responsible

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Reference Document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I certify that, to the best of my knowledge, the financial statements are drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of all the companies included in the consolidation scope, and that the management report, the contents of which are indicated in the cross-reference table on page 189, gives a true and fair view of changes in the business, results and financial position of the company and of all the companies included in the consolidation scope as well as a description of the main risks and uncertainties faced by those companies.

I have obtained from the statutory auditors of the financial statements, KPMG Audit and Ernst & Young et Autres, a completion letter, in which they indicate that they have audited the financial position and the financial statements provided in this document and read the entire document.

The historical financial information relating to the year ended December 31, 2010 referenced in this document has been reported on by the statutory auditors, with an observation concerning the annual financial statements.

Signed in Strasbourg on April 28, 2011

Statutory Auditors

Principal Statutory Auditors

Name, address and term of office of the Statutory Auditors of Banque Fédérative du Crédit Mutuel (BFCM) for the financial years 2008, 2009, and 2010:

- a) Ernst & Young et Autres, a simplified limited liability company (S.A.S.) with variable capital, member of the Regional Institute of Accountants of Versailles, represented by Isabelle Santenac, 41 rue Ybry, 92576 Neuilly-sur-Seine.

Start date of first term of office: September 29, 1992.

Current term of office: 6 financial years with effect from May 11, 2006.

Renewal: the General Meeting renewed the term of office of Ernst & Young et Autres as Statutory Auditors for a period of six years, i.e. until the end of the General Meeting called to approve the financial statements for the year ending December 31, 2015.

- b) KPMG Audit, member of the Regional I Institute of Accountants of Versailles, represented by Mr Arnaud Bourdeille, 1 cours Valmy, 92923 Paris La Défense Cedex.

The General Meeting appointed KPMG as Statutory Auditors for a period of six years, i.e. until the end of the General Meeting called to approve the financial statements for the year ending December 31, 2015.

KPMG Audit was the beneficiary of a universal transfer of assets from KMT Audit (*whose first term of office dates back to the Extraordinary General Meeting of September 29, 1992*) on June 30, 2009.

Alternate Statutory Auditors:

Cabinet Picarle & Associés, Malcom McLarty

Resignation and non-renewal

Not applicable.

Statutory Auditors' fees

(€ thousand)	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Statutory audit, certification and review of financial statements								
- BFCM	104	63	3%	2%	121	87	2%	2%
- Fully-consolidated subsidiaries	2,706	2,955	88%	94%	2,888	2,545	55%	68%
Other assignments and services directly related to the statutory audit assignment								
- BFCM	40	47	1%	1%	25	38	0%	1%
- Fully-consolidated subsidiaries	117	6	4%	0%	235	19	4%	1%
Sub-total	2,967	3,071	97%	98%	3,269	2,689	63%	71%
Other services provided by the networks to fully-consolidated subsidiaries								
- Legal, tax and employee-related	0	0	0%	0%	315	7	6%	0%
- Other	99	64	3%	2%	1,631	1,066	31%	28%
Sub-total	99	64	3%	2%	1,946	1,073	37%	29%
Total	3,066	3,135	100%	100%	5,215	3,762	100%	100%

Chapter VII

DOCUMENTS AVAILABLE TO THE PUBLIC

7.1 Documents available to the public

During the period of validity of the Reference Document, the following documents (or copies thereof) may be consulted:

a) By electronic means on BFCM's website (*Institutional site*).

<http://www.bfcm.creditmutuel.fr>

- Historical financial information on BFCM and the CM5-CIC group (renamed CM10-CIC group with effect from January 1, 2011) for each of the two financial years preceding publication of the registration document.
- This registration document and those for the two preceding financial years.
- The annual information document: *pursuant to the provisions of Articles L.451-1-1 of the French Monetary and Financial Code and 222-7 of the General Regulations of the Autorité des Marchés Financiers, the annual information document mentions the information published or made public by Banque Fédérative du Crédit Mutuel, its main subsidiary, CIC, and Groupe Crédit Mutuel Centre Est Europe to comply with these statutory and regulatory obligations. It covers the information for the last 12 months, classified by type of distribution medium.*

b) On physical media

- The issuer's deed of constitution and bylaws.
- All reports, mail and other documents, historical financial information, assessments and declarations compiled by an expert at the issuer's request, part of which is included in or referred to in the Reference Document.
- Historical financial information on BFCM's subsidiaries for each of the two financial years preceding publication of the registration document.

By mailing a written request to:

Banque Fédérative du Crédit Mutuel
Département Juridique
34 Rue du Wacken BP 412
67002 Strasbourg Cedex

7.2 Person responsible for the information

Mr Marc Bauer
Chief Financial Officer of BFCM and CM10-CIC group
Telephone: +33 (0)3 88 14 68 03
Email: bauerma@cmcee.creditmutuel.fr

7.3 Registration document cross-reference table

In order to facilitate use of the registration document, the following table identifies the main headings required by Annex 11 of European Regulation no. 809/2004 pursuant to the so-called “Prospectus” Directive.

Registration document cross-reference table: Chapters of Annex XI of European Regulation no. 809/2004	PAGES
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Issuer’s place of registration and registration number	180
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Pursuant to Article 28 of European regulation no. 809-2004 on prospectuses and Article 212-11 of the general regulations of the Autorité des Marchés Financiers, the following items are included by way of reference:

- The consolidated financial statements together with the management report, an extract from the company accounts comprising the management report for the year ended December 31, 2009 and the statutory auditors' report on the consolidated financial statements for the year ended December 31, 2009, presented on pages 15 to 28, 29 to 50, 52 to 90 and 91 to 172 respectively of the registration document filed with the AMF on April 29, 2010 under no. D.10-0356 and updated on December 17, 2010 under no. D.10-0356-A01.
- The consolidated financial statements together with the management report, an extract from the company accounts comprising the management report for the year ended December 31, 2008 and the statutory auditors' report on the consolidated financial statements for the year ended December 31, 2008, presented on pages 13 to 28, 30 to 47, 49 to 90 and 91 to 171 respectively of the registration document filed with the AMF on June 3, 2009 under no. R.09-053 and updated on September 14, 2009 under no. D.09-442-A01.

* * * *

The following table identifies the key disclosures required by Article L.451-1-2 of the French Monetary and Financial Code included in the annual financial report.

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