CM5-CIC GROUP
CONSOLIDATED FINANCIAL STATEMENTS 2009

Crédit Mutuel
LA banque à qui parler

Group Crédit Mutuel
Centre Est Europe
Sud-Est
Ile-de-France
Savoie-Mont Blanc
Midi-Atlantique
and CIC

2009 Registration document

KEY FIGURES

Key figures[1]

(in millions of euros)

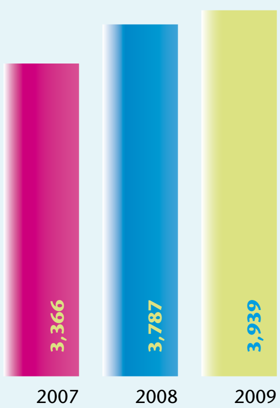
Consolidated figures on December 31st, 2009

	2009	2008
Activity		
Balance sheet total	434,298	440,559
Credit to customers, leasing included[2]	225,166	214,931
Capital managed and retained[2]	403,751	358,873
– of which customer deposits[2]	146,207	127,564
– of which insurance savings	56,662	52,432
Equity		
Book equity and perpetuals (including result of the fiscal year and before distribution)	23,468	20,145
Workforce (end of period)	50,831	45,729
Number of points of sale	3,939	3,787
Number of points of sale	15,536,100	11,626,800
Results		
Net banking income[3]	10,226	5,795
Overheads	- 6,052	- 4,387
Gross operating income	4,174	1,409
Cost of risk	- 1,987	- 1,064
Operating income	2,187	344
Net gains/losses with other assets and equity accounting	- 83	37
Result before tax	2,103	381
Income tax	- 668	127
Net accounting profit	**1,435**	**509**

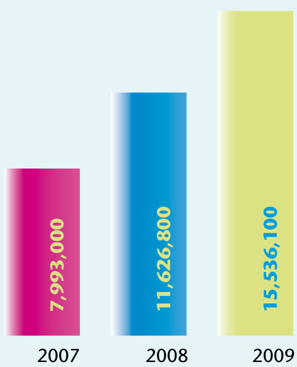
1.Consolidated figures of the branches of Crédit Mutuel Centre Est Europe (Strasbourg), Sud-Est (Lyon), Ile-de-France, Savoie-Mont Blanc (Annecy) and Midi-Atlantique (Toulouse), of their common federal branch, of the Banque Fédérative du Crédit Mutuel and its main subsidiaries – ACM, BECM, IT, including CIC, Targobank, Cofidis and CIC Iberbanco.
2. Including related debts receivable and payable; SFEF issues are not included in customer deposits.
3. Excluding the effect of reciprocal operations between banks and insurance relating to the employees' provident schemes and investment between insurance and banks.

Key figures in graphs

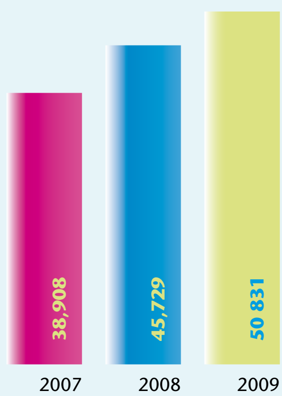
Number of points of sale



Number of customers



Workforce (end of period)



GROUP ANNUAL REPORT

The economy in 2009: a fragile recovery

The fear of again experiencing the great depression of the 1930's has gradually receded during 2009. However, the world economy remains in a state of fragile recovery, with contrasting situations in different countries.

The mechanisms that led to the crisis are now known. Contrary to received wisdom, their first origins were not in any sort of bank derivative, but in a massive macro-economic breakdown, playing principally between China and the United States.

In the decade prior to the crisis, the United States' balance of payment deficit became considerably wider, increasing from about 100 billion dollars in the middle of the 1990's to 800 billion in 2006, equivalent to about 6% of American GDP.

At the same time, American households continued to take on debt, as much for general consumerism as to invest in residential property, feeding the speculative bubble. By means of adventurous securitisation techniques, these American property loans were then converted into apparently risk-free assets, sold to international investors. This sequence of events was only possible because of the existence of commercial surpluses and surplus savings of the oil-producing and Asiatic countries.

This fragile equilibrium collapsed with the subprime crisis. It reached its peak with the failure of Lehman Brothers bank in September 2008, giving rise to major financial, economic and social crises at the start of 2009. To respond to them, the States took huge measures to support demand with budget recovery plans intended to compensate for the drop in private sector demand. Budgetary deficits thus exploded: for the 20 leading countries on the planet; they should amount to 5,000 billion euros from 2009 to 2010.

This Keynesian policy is favoured by monetary authorities that used exceptional tools. In the United Kingdom, the Bank of England financed nearly all the 2009 budget deficit in this way by buying British treasury bonds. In the United States, the Federal Reserve bought back 1,500 billion dollars of bonds, including 300 billion in public debt bonds. Finally, faced with the risk of paralysis associated with the collapse in confidence on interbank markets, the short term rate has been brought to levels approaching zero.

This situation has raised fears of new instability risks. The public deficits policy cannot be supported in the long term, and private demand will have to take its place quickly. These deficits must necessarily be cleared by taxation and will slow down growth by reducing income and the expenditure that arises from it. Doubts are appearing about the ability of the USA to repay: after the bankruptcy of Iceland, the first signs of cracks have appeared in Dubai and especially in Greece, and Ireland and Spain have been compelled to increase their rates in order to raise new capital.

Only Asia has emerged rapidly into growth in 2009. China seems to have emerged stronger from the crisis. It has become the world's leading car market, has taken the lead in exporting countries and has become the principal investor in energy and natural resources, with an unquenchable thirst for acquisitions from Argentina to Australia, and from Africa to Mongolia. The growth in internal consumption (estimated at more than 8%) has compensated for the fall in exports, allowing its GDP to grow by 8.5%.

In Europe, the crisis is challenging the solidity of the European Union. Each government has announced its own economic support plan without any real concerted community action, the single common denominators being the rise in deficits and public debt and increasing unemployment. The temptation for each nation is now affecting the euro; Greece is gradually losing market confidence, while being unable to devalue its currency on its own. Without a clear aid and responsibility mechanism between European States, the single currency could suffer a major crisis.

France has been less affected than its immediate neighbours, GDP having fallen by only 2.2% to a level less than initially feared. But this recession has caused an explosion in public, social and budgetary deficit for which it is difficult to see a resolution. Public debt has now reached 77% of GDP.

New dimensions for the Group comprising Crédit Mutuel Centre East Europe, South-East, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique and CIC

The Crédit Mutuel network

The financial crisis may be the sign of a deep split, from which Crédit Mutuel-CIC will emerge stronger as a result of its original development model. Unlike the companies in difficulty, Crédit Mutuel avoided the excesses of a frantic quest for yield at any price by means of risky speculative financial transactions. It has been able to remain faithful to its original operating values and principles. Above all, divisions of Crédit Mutuel are members of the real economy, financing loans principally from the own funds and the local savings receipts.

Mutual insurance and its original governance model remain at the core of Crédit Mutuel activities. They enable a relationship of trust to be established between the members and their Division. This commitment enabled 165,000 new members to be recruited in 2009. The network of local Crédit Mutuel Divisions for the Centre East Europe, South-East, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique Federations offers its services to nearly 4.4 million customers, 2.6 million of whom are members, represented by some eleven thousand elected representatives. The Group's strategy and development are founded on this solid base, with outstanding growth in 2009.

Since January 1st, 2009, the Crédit Mutuel Midi-Atlantique Federation has joined the common Federal Division for the Centre East Europe, South-East, Ile-de-France and Savoie-Mont Blanc Federations to create the CM5 Group. The network has thus been enhanced with 90 outlets and 275,000 customers in South West France. This new dimension is allowing greater sharing of technical and financial tools to serve the Divisions, with economies of scale that benefitting business partners.

Outstanding facts for 2009

On May 1st, the Crédit Mutuel Anjou and Océan Federations switched into the computer systems now shared by 15 of the 18 Federations and all CIC banks.

In addition, studies are in progress with five other Federations that should finish by January 1st, 2011 with a CM10 Group.

Internationally, following the agreement between the Royal Automobile Club of Catalonia (RACC) and the Groupe des Assurances du Crédit Mutuel (GACM), the RACC Seguros network has started to issue car and home insurance contracts throughout Spain. Furthermore, GACM has acquired the company Partners in Belgium, so highlighting its increased international activities.

These operations are enabling the Group to broaden its commercial product range and opens new opportunities for development and profit in its core business, bancassurance in France abroad. Overall, the share of CM5-CIC Group bank operating profit made outside France has gone from 4% (before 2008 and 2009 acquisitions) to 25%.

Financial year 2009 has seen significant changes in accounting requirements with the acquisition of Cofidis and Monabanq, to which is added the first consolidation of Banca Popolare di Milano and the full year effect of the acquisition of Citibank Germany, which became Targobank in February 2010.

CIC: continuing commercial development in spite of the crisis

The CIC Group, acquired by Crédit Mutuel a little more than ten years ago, now benefits from efficient organisation based around five centres: strong regionals as well as a single computer system and a single subsidiary per division, shared with Crédit Mutuel.

The retail bank in France makes up the core business of CIC Group, which has continued to improve quality and extend its network, with 42 new outlets making a total of 2,164 branches.

In addition, by using all its employees, it has been able to provide better service to a customer base of private individuals, associations, small businesses and companies (CIC is banker to one company in three).

In particular, over one year its development has enabled it to:

– see customer numbers increased by 135,912 (including 21,922 small businesses and 5,084 companies) to give a total of 4,283,739 (+ 3.3%);
– increase outstanding credit loans by 3% (including + 4.5% for home loans and + 6.3% for investment loans);
– increase deposits by 12% and managed savings by 18%;
– stimulate IARD (fire, accident and miscellaneous risks) insurance business (+ 8.6% of contracts portfolio);
– and develop service activities (remote banking, telephony, remote monitoring, etc.).

Bancassurance, fundamental part of Group strategy

Crédit Mutuel and CIC aim to be real bancassurers, in the fields of both life and IARD insurance, by offering a full range of provident products to their members and policyholders. The different companies in GACM are managing a portfolio of 21.4 million contracts (+ 6.5%) held by 7.3 million policyholders.

After falling for two financial years, insurance turnover has grown by 20.3% to 8.1 billion euros. This strong increase, well ahead of market growth (+ 9%), is particularly significant for life insurance with receipts up by almost 32%, providing a return to 2007 levels.

Payments on euro vehicles represent 77% of 2009 receipts (compared to 89% in 2008). In parallel, unit account receipts grew 171% (helped by marketing a BFCM loan).

Growth in premiums remains significant and above the market for all branches. With 977,000 major contracts sold during the year, GACM continues to grow its market share in the different branches. Moreover, recall that for ACMs the end of 2008 saw the start of a new international partnership leading to the creation of a non-life company in Spain with the RACC (Royal Automobile Club of Catalonia). RACC, which already has more than 1 million members, is now the leading broker for car insurance in Spain with a portfolio of nearly 500,000 contracts.

This first business year ended with a portfolio of 103,800 vehicle contracts, despite a difficult economic background in Spain. The RACC Seguros network is now selling nearly 300 new car insurance contracts daily.

Cutting edge technology serving the network and customers

The Group intends to remain the technology leader, primarily aimed at satisfying customer needs. The Euro Information network (Group data processing subsidiary) is organised around five ISO 9000 certified data processing centres, the capabilities of which are regularly modified to suit development of the business and new applications.

Data processing production for CIC Iberbanco and the Crédit Mutuel Anjou and Crédit Mutuel Océan Groups, which were integrated into the information system at the beginning of May 2009, has had a significant impact on production volumes at the Verlinghem site, with a contribution of 2.4 million bank accounts and 1.3 million additional insurance contracts.

Preparations are being made to host Targobank on the same site and part of the infrastructure was set up at the end of 2009. It will enable the German data processing system called EBS to be installed on two partitions with production start up and the end of April and June 2010.

In the area of customer relationships, the remote contact product (representing nearly 90% of customer transactions) was renewed, particularly with the arrival of new mobile internet portals and mini-PC sites offering all Cybermut/Filbanque on small terminals.

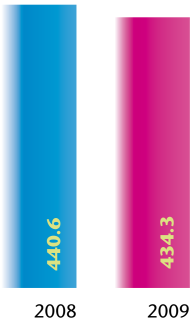
In the area of mobile telephones and the latest new products, it is worth noting the change by NRJ Mobile to unlimited access offers in August 2009 and the opening of new fixed price monthly packages by Orange.

In e-money, acquisitions of e-money payment transactions for two major commercial brands is enabling the CM-CIC Group to position itself as the leading French processer with more than 2 billion transactions per year. This significant increase in e-money flows thus enables the CM-CIC Group to establish itself at a European level as technical service provider on behalf of other banks or major commercial brands.

Consolidated financial items

In accordance with directive (EC) 1606/2002 on the application of international accounting standards and directive (EC) 1126/2008 on their adoption, the consoli-

■ Balance sheet
(in billions of euros)



dated accounts for the financial year are drawn up to comply with IFRS as adopted by the European Union on December 31st, 2009. This IFRS reference document includes IAS standards 1 to 41, IFRS standards 1 to 8 and their SIC and IFRIC interpretations adopted on this date. Summary documents are presented according to recommendation CNC 2009-R.04.

IFRS standard 8 and IAS standard 1, revised in 2007, are applied for the first time from January 1st, 2009. IFRS standard 8 has no impact on the presentation of financial statements. The financial statements are adjusted to comply with IAS 1.

All the IAS/IFRS standards were updated on November 3rd, 2008 by directive 1126/2008 which replaced directive 1725/2003. This document is available on the European Commission web site: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The balance sheet reached a total of 434.3 billion euros at the end of December 2009 compared with 440.6 billion at the end of 2008.

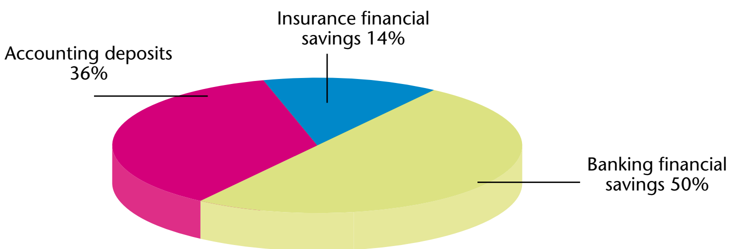
Savings receipts

In terms of customer deposits, the Group recorded growth of 12.3% on a comparable basis to reach 146.2[1] billion euros (compared to 127.6 billion at December 31st, 2008).

Savings are particularly based on deposit accounts of 38.6 billion (+ 16.9%[2] for the Livret Bleu and Livret A; + 18.4%[2] for other deposit accounts), and on current accounts at 48 billion (+ 9.9%[2]). Cash vouchers and term accounts of 28 billion saw a drop of 1.9%[2], while home savings plans (15.4 billion) remained stable at + 0.6%[2].

Insurance savings saw growth of 8.1%, so bringing outstanding loans from 52.4 billion euros at the end of 2008 to 56.7 billion at the end of 2009.

■ Managed and retained capital: 403.75 billion euros



1. These SFEF deposits are not taken into account in customer deposits, although SFEF is not a credit business.

2. Growth on a comparable basis.

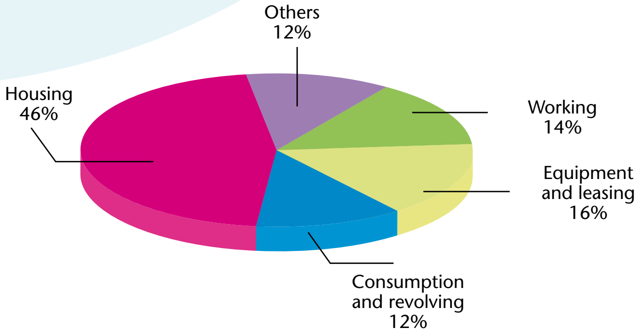
Loans: continued growth

Overall outstanding customer loans rose by 10.2 billion euros taking account of the contribution from the Cofidis group (7.8 billion), thus bringing total outstanding loans to 225.2 billion.

Home loans established at 106.9 billion (+ 2.1%[2]) and made up nearly half of all loans (47.5%). Equipment loans reached 29.8 billion (+ 4.7%[2]).

Finally it is noted that net doubtful outstanding loans were contained at a level less than 1% of total credits. Gross doubtful outstanding loans nonetheless grew by 19.2% on a comparable basis. Doubtful debts represented 4.7% of outstanding credits (3.8% on a comparable basis) against 3.1% on December 31st, 2008.

■ Customer credits (gross outstanding): 231.78 billion euros

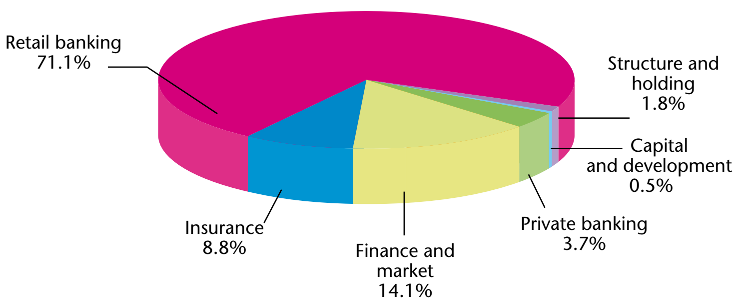


Results

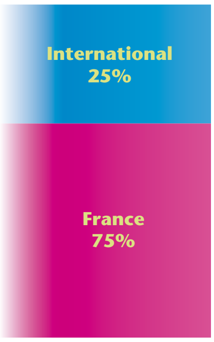
Business results can be summarised in the following key figures:

(in millions of euros)	2009	2008	Growth on a comparable basis
Net banking income	**10,122**	**5,726**	**+ 41%**
General operating costs and allowances for depreciation	- 5,949	- 4,317	+ 10%
Gross operating profit	**4,174**	**1,409**	**+ 137%**
Net accounting profit	**1,435**	**509**	**x 3.2**
Group share	*1,194*	*353*	*x 4.0*
Minority subsidiaries share	*241*	*155*	*x 1.4*

■ Net banking income before reciprocal inter-business exclusions



Bank operating profit by geographical zone



The net banking income for 2009 was 10.1 billion euros (25% made internationally), increasing by 41% on a comparable basis compared to the previous financial year.

Retail banking

Net banking income for retail banking amounted to 7,691 million euros against 4,818 million (+ 8.3% on a comparable basis and multiplied by 1.6 for acquisitions) and pre-tax profit, due to the rise in credit risks, to 1,464 million against 1,167 million. General expenses rose by 7% (on a comparable basis) to 4,712 million, but the operating ratio improved from 67.3% to 61.3%.

The cost of risk is 1,538 million, increasing 53% on a comparable basis.

Insurance

Insurance new profit was 956 million euros at December 31st, 2009 against 781 million in 2008, after paying the distribution network the sum of 747 million (+ 6.7% compared to 2008). Pre-tax profit was 614 million against 485 million.

Finance bank and the market

Pre-tax profit was 882 million euros at December 31st, 2009 against - 744 million in 2008, with bank operating profit of 1,532 million against 26 million in 2008.

Within this business unit, the finance bank saw its pre-tax profit grow by 13.7% to 225 million and its bank operating profit by 37.4% to 461 million. Outstanding loans rose to 18.6 billion. The cost of risk went from 64 million in 2008 to 158 million at December 31st, 2009. No protected file is greater than 20 million.

For market activities, after a year 2008 strongly affected by the financial and banking crisis and the increase in credit spreads, 2009 saw financial markets settle. As a result, pre-tax profit rose from - 942 million in 2008 to 657 million at December 31st, 2009 and bank operating profit from - 310 million to 1,072 million.

CM5-CIC Group complied with G20 rules on the payment of bonuses to market traders. More than 50% of bonuses were deferred and subject to a surtax. The ratio of total salary to revenues is 10.4%. Full costs (liquidity, risk, allocated capital) were taken into account and all accrued accounting charges (taxes, deferred and conditional part) recognised.

For market activities, the cost of risk in 2009 amounted to 221 million against 465 in 2008.

Private banking

Pre-tax profit went from 47 million euros in 2008 to 95 million at December 31st, 2009 and bank operating profit from 427 million to 397 million. Despite the crisis, commercial performance is satisfactory.

Capital development

In a relatively unfavourable economic environment, the division made a pre-tax profit of 21 million euros at December 31st, 2009. Invested outstanding loans amounted to 2 billion. The Crédit Mutuel-CIC Group is represented in 480 French companies through a portfolio of more than 2 billion. These investments were made to help the economy and not with a view to speculation, since the average holding time for these lines is 10 years.

Prospects: always supporting customers and members

The Group is strengthening its network in France and bordering countries, broadening its business and scope of activity.

Rationalisation of technical and financial tools is continuing.

With 23.5 billion euros in accounting equity and TSS, rising by 3 billion after repaying the loan of 1.036 billion to SPPE, CM5-CIC Group faces the future with confidence and determination.

It is taking an active part in financing the local, regional and national economy.

At these difficult times, strengthened by its roots and the involvement of its teams of representatives and employees, the Group is continuing to assert is mutual status by staying close to all its members and customers.

For many years, even in periods of crisis, the Crédit Mutuel, “financial cooperative” focused on the individual, the family, local, regional and national business activities, has shown the robustness of its model, founded on a base of responsibility and not profit. It differs from other financial organisations on three essential points.

– In terms of ownership: at Crédit Mutuel, users, “member-customers”, own the institution by holding company shares. This affects more than 7 million people. In a capitalist bank, the owners are not customers but shareholders (investors, hedge funds, individual owners, companies, speculators, etc.) who expect significant annual dividends. At Crédit Mutuel, there is a strong relationship between the member and the customer. It is therefore an association of people while a traditional bank is an association of capital.

– Crédit Mutuel is also different when it comes to involvement in decisions, because all member-customers can attend the organisations general meetings.

These member-customers are eligible to stand for voluntary (therefore independent) administrator positions in their Branch and other structures. In a capitalist bank, the customer does not attend general meetings of shareholders and is not eligible for administrator positions; it is investor shareholders that elect members of the board of directors on the recommendation of managers. At a time when capitalism is discovering the concept of control by "independent governance" of the employed management, management at Crédit Mutuel is controlled by 11,000 voluntary independent elected representatives, as it has been for 130 years. No decision is taken without asking the question: "What are the voluntary representatives of our member-customers going to say?"
– The third point differentiating Crédit Mutuel is profit sharing. Management surpluses are paid into general reserves that cannot be shared among member-customers (1947 law on cooperatives). One of the most important features is that our financial cooperative is inalienable, meaning that it can be neither sold nor be subject to a takeover bid. On the other hand, it can be liquidated by a decision of the members. In some ways we form part of the "national heritage", which gives us a certain freedom of expression and action in an environment that is guided by a single thought and that has drifted off into unrestrained capitalism.

In general terms the company has changed and so have the needs of our member-customers. Crédit Mutuel and its Divisions have adapted themselves and offer the same products as other banks and insurance companies. This means we also have to be good, if not better than other bankers, while not being guided by profit — even if we have to be good managers —, but by an ethic of a "better shared quality of life".

For 130 years, Crédit Mutuel has a demonstrated that its ethic is good. In 2009, the economic crisis combined with the financial crisis did not prevent it from continuing its development and change while maintaining a good solvency ratio (Tier 1 ratio at 10.3%[1] in 2009 against 8.8% in 2008). All our employees, who as a result of our decentralised structure are close to customers, are mobilised to server them better and restart the economy.

1. 9.97% after deductions for insurance holdings exceeding Tier 2.

RISKS MANAGEMENT

This chapter includes in particular the information required by IFRS 7 on the risks relating to financial instruments.

The figures given in this chapter are audited, except those specifically marked with an *, which have been subject to honesty and compliance checks required under article L.823-10 of the Commercial Code in the same way as the rest of the management report.

Periodic and on-going checking and compliance functions provide enhanced security of processes for all business activities. Risks management consolidates overall risk control and optimises risk management related to regulatory equity capital allocated to each business activity and the resulting profitability.

Credit risks

The organization of the credit commitment activity

In accordance with current legislation, the credit commitment activity is organized in two areas:
– the credit granting system,
– the risk measurement system and the commitment monitoring system.

The organization of the credit commitment activity and the management of commitments use a unique referential for commitments containing the rules and procedures common to the Group in the CM5 and CIC banking networks.

The credit granting system

It is organised around what is known of the customer, risk evaluation and the commitment decision.

◆ Customer knowledge

Customer knowledge and the targeting of prospective customers rely on the strong ties established between the regional structures of the CM5-CIC Group and their regional economic environment. The customer rating and the distribution by risk categories guide the sales canvassing towards the targeted customers. The information concerning the borrowers and the risk analysis are assembled in the credit file. The most recent accounting information is stored in the systems application software for "collecting balance sheets".

◆ Risk evaluation

Risk evaluation is based on a method using the analysis made at different stages according to a structured process. It combines:
– customer rating,
– risk categories,
– weighted commitments based on the type of products and the guarantees provided.

The personnel receive training on risk management, which is regularly updated.

◆ The customer scoring

In accordance with current legislation, customer scoring is at the heart of the Commitment and Risk Management system: credit granting, payments, pricing and follow-up of commitments. All the delegations apply counterparty scoring.

The internal customer scoring system of the Group functions according to the following basic principles:
– uniqueness: the calculation method is the same for the entire Group,
– exhaustiveness: all the third parties identified in the system are scored,
– automated for the Network: the information system automatically computes a basic monthly rating, which is adjusted daily based on the risk alert updates,
– uniformity of the scoring system: the algorithms are the same ones for all Banks based on a segmentation of the markets, which is part of the core information of the system,
– uniformity of the reporting levels for all the market segments (9 categories of good customers and 3 categories of bad customers),
– integration of concept of Risk Groups.

The organization of the credit commitment activity and the management of commitments use a unique referential for commitments containing the rules and procedures common to the Group.

The score is calculated every month (basic score) and adjusted daily based on any serious credit alerts in order to obtain the final score.

The follow-up of the relevance of the algorithms is carried out by the Basel II "structure" when necessary, and by specialized teams. Generally, the Commitments department validates the internal score of all the files that it processes.

The Risk Groups (counterparties)

"Are considered identical beneficiaries individuals or companies that are linked in such a way that if either party had financial difficulties, the other would undoubtedly have problems with reimbursements."

The Risk Groups are formed according to rules written in accordance with clause 3 of the CRB 93-05. Each account manager is in charge of the creation and maintenance of Risk Groups.

Weighting of products and guarantees

To rate the counterparty risk, the nominal commitment is weighted. This formula combines the type of credit and the type of guarantee.

◆ The decision to commit

The decision to commit is mainly based on:
– the score of the counterparty or the group of counterparties,
– the delegation levels,
– the double check principle,
– the rules on authorization limits according to equity,
– the earnings adapted to the risk profile and the amount of equity used.

The decision making circuits are automated and processed in real time: as soon as a credit request is processed the electronic file is transferred to the appropriate decision-making level where the decision to grant may be taken.

Delegation levels

Network

The account manager is in charge of the exhaustiveness, the quality and the reliability of the information collected. In accordance with clause no. 19 of the CRBF 97-02, the account manager prepares credit files that will include all the qualitative and quantitative information and assembles in one file the information concerning counterparties considered as same beneficiaries. The account manager checks the relevance of the information gathered either through the customers or through external sources (sectoral studies, annual reports, legal information, scoring agencies) or internal sources at his disposal. The rules described in the procedure on Credit Granting and Debtor Delegations are in line with the Basel II instructions and the fundamentals defined for all the Banks of the Group. Each account manager is responsible for the decisions that he takes or provokes and holds an intuitu personae delegation.

The delegations are based on an adjustment of the commitment ceilings according to:
– the score,
– the total amount of the commitment of a counterparty or Risk Group,
– the delegation exclusions,
– the guarantees which can be retained for weighting of the commitment.

For files where the amount exceeds the delegations given within the above-mentioned limits, the decision must be taken by a Commitment Decision Committee (CDE) that functions according to written operating procedures.

Financing and Investment Bank

Decisions are not taken individually and depend on Commitment Decision Committees. Foreign subsidiaries function according to specific delegations.

The role of the Credit Policy Departments

Each regional office has a credit policy department, reporting to the general management of the region, which is independent from the operational management. The missions of these departments are dual, and therefore split between two independent teams:
– a team in charge of ensuring the quality of the credit granting decisions by a second analysis which focuses on the adequacy of the credit earnings to the risk that is taken,
– a team in charge of implementing the prudential surveillance process and credit risk evaluation in addition to the permanent monitoring actions.

The risk measuring and credit monitoring system

The national and regional organizations use tools for the credit monitoring under their responsibility, in accordance with the regulatory dispositions of Basel II.

Tools for measuring consolidated risks

To measure consolidated risks on a bank level, the CM5-CIC Group applies to the regional and Group branches different tools for a global approach to:
– the exposure from a counterparty or counterparty group,
– the credit production, the customer rates, the credit margins, by market, product, good debt and bad debt,
– the quality of the portfolio, according to key points adapted to the activities of the network (scoring, market, age of the relationship, credit products, field of trade, age of the contract). A historical viewpoint is also included,
– credit risk monitoring on a global level in terms of risk of concentration, interbank risks, country risks, and by network, subsidiary, trade lines, markets.

All sales units of the Group have access to information tools that let them check daily that the ceilings allowed to each counterparty are being respected.

Monitoring of commitments and detection of sensitive risks

Monitoring objectives

The Credit Policy division contributes, along with the other players in the field, to the monitoring of the quality of the different aspects of credit risks.

The monitoring system of the Credit Policy division is involved in addition and in coordination with the actions of the first level, the Permanent Monitoring and the Risk Management Division.

Monitoring commitments

Monitoring of over-expenditure and anomalies with the functioning of the accounts is done using advanced risk detection tools (management of debtors/sensitive risks/automatic inputs into collection), based on both external and internal criteria, particularly scoring and functioning of accounts. These indicators aim to identify and deal with the confirmed difficulties of counterparties. This detection is automated, systematic and exhaustive. The follow-up of these situations is based on the same process as for delegations and decision to commit.

The monitoring of major corporate risks is handled separately from the granting system. It consists more particularly in identifying the commitments in line with targeted alerts or based on the changes in risk profiles of the identified counterparties. The same applies to monitoring of credit limits of front office counterparties.

The monitoring of regulatory and internal corporate limits is handled separately form the granting process. The limits are determined according to the level of equity in accordance with the CRBF 93-05 rules on regulatory limits and according to the level of equity and the internal score of counterparties for the internal limits.

The financing and investment bank conducts periodic analysis of commitments in order to monitor portfolios and risks, and uses steering tools that orient the decisions towards "sensitive", up-rated /down-rated or provisioned status.

For the network, monitoring of commitments is part of the quarterly reporting of files under surveillance. The quarterly monitoring of portfolios includes a detailed review of the internal scores for third parties, or groups of third parties, of each portfolio.

Detection of accounts at risk, transition to default, provisioning

The objective consists in thoroughly identifying the debts or activity sectors to be monitored and to affect the identified counterparties to the category that defines their situation: sensitive (not down rated to low rated), low rated or collection.

Sensitive risks

The objective is to detect as early as possible the risk situations, using criteria based on customer segments, by computing or with the support of competent operations managers and credit managers.

This process ensures:

– the identification of counterparties or sectors of activity where events or information indicate that monitoring must be set up in the short or medium term. This process is implemented in addition to and generally before the automated detection provided by the software applications,

– the systematic triggering of all the conservatory measures required to best preserve the interests of the CM5-CIC Group.

Transition to default and provisioning

All accounts outstanding are subject to an automated monthly check against internal or external indicators that are programmed into the information system. In addition to the automated and thorough process, the different players use all the source material at their disposal to identify the accounts outstanding to be placed under "surveillance".

The down rating and provisioning are automatic. In addition, a review is carried out according to portfolio type to detect any eventual loss events, which are a source of collective depreciation.

◆ Management of accounts at risk

Management of sensitive accounts (not down-rated to low rated)

Depending on the severity of the situation, the customers accounts are handled by the account manager with a change in the delegation level of the file, or by specialized teams or teams dedicated by market, type of counterparty or type of recovery.

Management of customers down-rated to bad debt, collection status

The related counterparties are handled in a differentiated manner according to the severity of the situation: at the agency by the account manager (and in this case the agency does not have delegation for credit granting to the customers involved) or by dedicated teams specialized by market, type of counterparty or type of recovery.

Permanent control of commitments

Personnel with special expertise who do not report to the credit policy management carry out a second level of control. They draw up a list every month of the commitments that are considered at risk, according to specific criteria, and they analyse them; appropriate corrective steps are decided accordingly.

An automatic analysis of about twenty ratios also helps to identify the agencies having difficulties with debt and to quickly determine the necessary regulating actions.

Additional security is thus brought to the management of credit risks.

◆ Focus on the orientations of 2009

In 2009, under an exceptional situation of economic crisis, the credit policy division of CM5-CIC Group focused on reinforcing the credit granting, evaluation and monitoring systems.

This led to the adjustment of the Commitment Referential.

◆ Reporting

The risk committee

In accordance with the dispositions of the CRBF 97-02 regulations, the different decision-making bodies, particularly the Risk Committee, are informed of the evolution of credit commitments periodically and at least on a quarterly basis. In addition, these bodies are informed of, and participate in, decisions concerning the changes affecting the management systems of the credit commitments.

General management Information

Detailed information on credit risks and related procedures is presented to the general management. This information is also presented to a Risk Monitoring Committee in charge of examining the strategic issues at stake in terms of risk for the CIC Group, in accordance with the regulations of Basel II.

Key figures

Credit to customers

In a changing economic environment, the year 2009 is characterized by the continued growth of debt and the deterioration of risk expenses.

Numerical data

Total customer credit is 223.8 billion euros, down 1.1%[1] in 2009 compared to 2008. The relative fall essentially impacts short term credits. In fact the balance sheet total of outstanding medium or long term loans has increased by 2.6%[1] while balance sheet total of short term credits has fallen by 12.4%[1], resulting in the observed reduction in working capital requirement of the companies. Variances on a comparable basis.

1. Variations on a comparable basis.

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2009 like-for-like[1]	December 31st, 2008
Short term credits	**59,245**	**52,297**	**59,721**
Ordinary accounts in debit	6,927	6,899	7,746
Commercial receivables	2,281	2,279	3,102
Credit facilities	49,887	42,968	48,755
Export receivables	151	151	118
Medium and long-term credits	**153,538**	**150,416**	**146,628**
Equipment loans	31,172	30,802	29,483
Home loans	107,040	104,603	102,451
Leasing	7,234	6,994	6,778
Other credits	8,091	8,018	7,916
Total excluding doubtfull loans gross total of outstanding loans to customers	**212,783**	**202,713**	**206,349**
Doubtfull loans	10,509	8,037	6,742
Attached receivables	507	434	548
Total excluding doubtfull loans	**223,799**	**211,183**	**213,639**

Source: accounts, excluding pensions.

1. Excluding new acquisitions.

Exposure

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2009 like-for-like[1]	December 31st, 2008
Loans and debts			
Credit institutions	38,335	38,006	41,455
Customers	223,799	211,183	213,639
Gross exposure	262,134	249,189	255,094
Provisions for depreciation			
Credit institutions	- 520	- 520	- 316
Customers	- 6,624	- 5,228	- 4,827
Net exposure	254,990	243,440	249,952

Source: accounts, excluding pensions.

1. Excluding new acquisitions.

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2009 like-for-like[1]	December 31st, 2008
Financing commitments made			
Credit institutions	1,473	1,473	1,409
Customers	43,860	36,684	36,905
Guarantee commitments given			
Credit institutions	4,200	3,401	3,008
Customers	13,917	13,861	14,747
Provision for contingencies on commitments	147	145	125

Source: accounts, excluding pensions.

1. Excluding new acquisitions.

Total outstanding credits to the customer base at the end of 2009 includes changes in consolidated accounting requirements during 2009 with acquisition of a majority interest in the Cofidis Group and Crédit Mutuel Midi-Atlantique being included in the Group accounts from January 1st, 2009. For these business units, outstanding loans at the end of 2009 were made up as follows:

In millions of euros, capital end of month	December 31st, 2009 Entries in the perimeter	Relative weigh December 31st, 2009
Short term credits	**6,948**	**69.0%**
Ordinary accounts in debit	28	0.3%
Commercial receivables	2	0.0%
Credit facilities	6,918	68.7%
Medium and long-term credits	**3,121**	**31.0%**
Equipment loans	370	3.7%
Home loans	2,438	24.2%
Leasing	240	2.4%
Other loans	73	0.7%
Gross total of outstanding loans to clientele total excluding doubtfull loans	**10,070**	**100%**
Doubtfull loans	2,473	
Attached receivables	73	
Gross total of outstanding loans to clientele	**12,616**	
Provision for depreciation	1,396	

Entries in the perimeter : mainly Crédit Mutuel Midi-Atlantique and Cofidis group.

◆ A quality portfolio

Well-rated customers: on the 12-level internal scale, customers rated in the 8 best categories represent 97% of the balance sheet commitments for individuals, 90% for professionals/businesses and 92% for financing and investment banking.

◆ Risk of concentration

Counterparty risk

On the general public sector, home loans represented 47,6% of customer loans. These loans are by nature spread out among a very large number of customers and backed by genuine real-estate guarantees on the financed collateral.

The relative portion of the first 10 counterparties by customer market segment indicates a dispersion of risk. On December 31st, 2009 the credit outstanding of the first ten customer groups represented less than 5% of on and off balance sheet commitments for the CM5-CIC Group (9.5 billion euros is 3.24%).

Sectoral risk

The surveillance and alert systems on the sectors exposed to cycles of activity (real-estate, aeronautics…) or hazards (motor vehicle equipment manufacturer, shipping…) are permanent. They indicate the absence of concentrations in a particular sector.

Geographic risk

92% of the countries surveyed are located in Europe. Apart from some marginal exceptions, the exposure on risk countries concerns France and OECD countries.

Customer good debts broken down according to internal score

	December 31st, 2009	December 31st, 2008
A + and A -	31.5%	29.7%
B + and B	31.4%	32.6%
C + and C	22.7%	24.5%
D + and D -	11.3%	10.5%
E +	3.1%	2.7%

Accounting sources, excluding services subsidiaries and foreign branches.

Internal score CM-CIC	Correspondence Moody's	Correspondence Standard & Poors
A +	AAA at Aa1	AAA at AA +
A -	Aa2 at Aa3	AA at AA -
B +	A1 at A2	A + at A
B -	A3 at Baa1	A - at BBB +
C +	Baa2	BBB
C -	Baa3	BBB -
D +	Ba1 at Ba2	BB + at BB
D -	Ba3 at B1	BB - at B +
E +	B2 and <	B and <

Housing loans: distribution of guarantees

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2008
Home loans	**107,040**	**102,451**
With Crédit Logement or Cautionnement Mutuel de l'Habitat	37,253	35,920
With mortgage or similar guarantee of first rank	55,617	53,194
Other guarantees[1]	14,170	13,338

Accounting source.

1. Mortgages of other ranks, security, pledges etc

For the year, the home loan outstanding increased by 2.1% on a comparable basis.

Distribution of credits by type of customer

	December 31st, 2009	December 31st, 2008
General Public	74%	71%
Businesses	18%	21%
Large companies	5%	6%
Special financing and other	2%	2%

Source: risk monitoring.

The breakdown of credits by type of customer draws on data from all French entities in the CM5-CIC Group situated on the French territory.

Geographic spread of customer risk[1]

	December 31st, 2009	December 31st, 2008
France	89%	90%
Europe excluding France	9%	9%
Other countries	1%	1%

Source: accounts.

1. Including new acquisitions.

Concentration of customer risks

	December 31st, 2009	December 31st, 2008
Commitments exceeding 300 million euros		
Number of groups of counterparties	31	38
Total Commitments in millions of euros	18,329	20,768
Of which balance sheet total in millions of euros	*9,630*	*13,880*
Dont total hors bilan de garantie et de financement	*8,699*	*6,888*
Total assets (C/A, shares) in millions of euros	**6,920**	**5,234**
Commitments exceeding 100 millions of euros		
Number of groups of counterparties	119	119
Total Commitments in millions of euros	33,261	34,371
Of which balance sheet total in millions of euros	*17,878*	*22,301*
Of which total guarantee and financing off balance sheet	*15,383*	*12,070*
Total assets (C/A, shares) in million euros	**11,256**	**16,186**

Source: SRC monthly tables – all GAC of the CM5-CIC Group.

There is no major risk that exceeds 25% of prudential equity.

Sector-based distribution

	December 31st, 2009	December 31st, 2008
Finance and insurance	28.92%	27.11%
Real estate activities	18.83%	17.84%
Manufacturing industries	10.31%	11.12%
Repair of motor vehicles	9.43%	11.07%
Specialized scientific and technical activities	7.39%	7.80%
Construction	7.01%	7.24%
Transportation and warehousing	2.43%	2.63%
Hotels and restaurants	2.25%	2.51%
Information and communication	2.39%	2.40%
Administrative and support services	1.98%	1.75%
Electricity and gas production and distribution	1.87%	1.70%
Human healthcare and social action	1.89%	1.67%
Agriculture. foresty and fishing	1.49%	1.45%
Sub-total	**96.20%**	**96.31%**
NACE codes (upper level) less than 1% of total	3.80%	3.69%
Sub-total NACE	**100%**	**100%**

Source: Risk monitoring.

Categories are based on INSEE segmentation of NACE codes.

Sovereign risks

In terms of outstanding they represent less than 1 million euros.

Unfavourable economic situation impacts cost of risks

Bad debt amounted to 10,509 million euros by December 31st, 2009 against 6,742 million euros on December 31st, 2008, increasing by 19.2% (on a comparable basis).

It represents 4.7% of customer loans (3.8%[1]) against 3.1% on December 31st, 2008.

In an exceptionally bad situation, the cost of risks remained limited to 0.77% of total credit outstanding on December 31st, 2009 (0,58%[1]).

1. Like-for-like.

Quality of customer risk

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2009 like-for-like[1]	December 31st, 2008
Debts depreciated individually	10,509	8,037	6,742
Provisions for individual depreciation	6,226	4,437	4,283
Collective debt provision	397	396	544
Overall rate of cover	63.0%	60.1%	71.6%
Rate of cover (individual provision only)	59.2%	55.2%	63.5%

Source: accounts.

1.Including new acquisitions.

Outstanding loans remaining unpaid

Outstanding payments of customer loans not downgraded to doubtful debts by due date are as follows:

	< 3 months	< 6 months	< 1 year	> 1 year	Total
Debt instruments[1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**4,450,677**	**32,111**	**855**	**683**	**4,484,326**
Central governments	3,587	0	0	0	3,587
Crédit institutions	16,891	0	0	0	16,891
Non-financial institutions	1,253	0	0	0	1,253
Large corporate	502, 874	991	0	0	503,865
Retail customers	3,926,072	31,120	855	683	3,958,730
Total	**4,450,677**	**32,111**	**855**	**683**	**4,484,326**

1. Debt instruments available for sale or held to maturity.

◆ Interbanking loans

Geographical distribution of interbank loans

	December 31st, 2009	December 31st, 2008
France	19%	26%
Europe outside France	44%	48%
Other countries	37%	26%

IFC - only banks.
1. Figures not audited by the statutory auditors.

The distribution is based on the country of the parent company. Exposures in 2009 were focused mostly on European banks (in particular France, Germany, United Kingdom). Exposures on banks in the most sensitive European countries were significantly reduced in 2009. Exposures in other countries principally concern the large North American banks.

Structure of outstanding interbank loans by internal rating

Internal score	External rating	December 31st, 2009	December 31st, 2008
A +	AAA/AA +	1.5%	1.5%
A -	AA/AA -	5.5%	17.7%
B +	A +/A	45.9%	46.7%
B -	A -	24.4%	15.4%
C and below	BBB + and less	21.5%	18.2%
Not rated		1.2%	0.5%

IFC - only banks.

The economic climate in 2009 continued to weigh on bank signature quality and has led to these scores logically continuing to be marked down. Nonetheless their structure remains satisfactory with 77% of interbank exposures in categories greater than or equal to B - (equivalent to external A - ratings).

Debt securities, derivatives, repurchase agreements

Security holdings are under the responsibility of market activities and marginally under balance management.

In millions of euros, capital end of month	December 31st, 2009	December 31st, 2008
	Book value	Book value
Government securities	20,290	19,277
Bonds	76,847	84,024
Derivative instruments	5,072	12,366
Pensions & securities lending	15,829	12,767
Gross exposure	118,038	128,434
Provisions for depreciation of securities[1]	- 92	- 216
Net exposure	117,946	128,218

Accounting sources.

1. The 216 million euros in depreciation concern Iceland banks for 65 million euros and the Lehman Brothers bankruptcy for 151 million euros.

Risks of balance sheet management

◆ Organization of the activity

CM5-CIC Group centralised Group balance sheet management functions, until then subject to supervised decentralisation. In the CM5-CIC Group, decision-making committees for liquidity risk management and rates risk are as follows:
– the ALM technical committee manages liquidity risk and interest rates risk, based on current CM5-CIC Group risk limits. It comprises managers from the relevant business units (financial management, balance sheet management, refinancing and treasury, risks) and meets at least quarterly. The indicators reviewed, at both consolidated and business unit levels, are static and dynamic liquidity gaps, static rate gaps, and sensitivities of the bank operating profit and net current value.
– the ALM monitoring committee, comprising directors of the CM5-CIC Group, reviews changes in balance sheet management risks and approves risk limits. Hedging decisions are aimed at maintaining risk indicators within the set limits, overall for CM5-CIC and for each business unit in the Group. Hedges are assigned to affected business units, based on their needs. The various balance sheet management risk indicators are also presented to the CM5-CIC Group risk management committee every quarter.

The role and operating principles of balance sheet management are defined as follows:
– balance sheet management is identified as a separate function from the trading room, having its own resources;
– the priority objective of balance sheet management is to give commercial margins immunity against, firstly, rate and exchange variations, and secondly to maintain a level of liquidity enabling the bank to meet its obligations and sheltering it from a possible liquidity crisis;
– balance sheet management is not a profit centre but a function serving bank profitability and development strategy controlling liquidity and rate risk associated with business activity in the Group. Balance sheet management participates in defining commercial policy relating to customer conditions and internal transfer rate rules; it provides a permanent link with the Group's sales managers.

◆ Managing the risk on interest rates[1]

Rate risk is generated by the Group's commercial activity and results in rate and reference index differences between source and application of funds. Its analysis also considers the volatility of outstanding debts for products without contractual due date and hidden options (options for premature credit repayment, extension, use of credit rights, etc.).

1. Figures not audited by the statutory auditors.

Management of rates risk of all operations arising from Group activities is analysed and the residual balance sheet position is hedged overall by operations called macro-hedging. Operations with a high value or special structure can be covered by specific hedging. Risk limits are set in relation to the annual bank operating profit for each bank and for the Group. The technical committee decides the hedging to be implemented and spreads it prorata based on the needs of each business unit.

Rate risk analysis is applied to the following indicators, updated every quarter:
– the fixed rate static gap for balance sheet and off-balance sheet items, for which flows are considered certain over a time span of 1 to 10 years, enclosed by limits of 3 to 7 years, measured using a ratio on the bank operating profit;
– static "inflation" gap over a time span of 1 to 10 years;
– the sensitivity of net interest margin calculated for national scenarios and enclosed within limits. It is measured in annual steps, over a span of two years and is expressed as a percentage of the bank operating profit for each business unit.

Four scenarios are calculated:
– scenario 1 (reference scenario): 1% increase in market rates and 0.33% inflation;
– scenario 2: 1% increase in market rates and inflation stability;
– scenario 3: 2% increase in market rates and 0.66% inflation;
– scenario 4 (stress): 3% increase in market rates, 1% fall in long rates and inflation stability.

In the reference scenario, net interest profit of the commercial bank for CM5-CIC Group is exposed to a lowering of rates: - 1.5% over 1 year (or - 86.0 million euros in absolute value). At 2 years, sensitivity to the fall in rates is established at - 2.7% (or - 156.0 million euros in absolute value). At December 31st, 2009, the fixed floor at Inflation + 0.25% for the authorities to determine the savings rate is reached (inflation at 0.80%). The floor remains reached if rates increase by 1% and inflation by 0.33%. Also the savings rate only varies in this scenario by 0.33% instead of the normal 0.67%, hence the increased sensitivity to a drop in rates. Risk limits (3% of bank operating profit over 1 year and 4% over 2 years) applicable to the commercial bank are respected. Indicators of rate increase:

Sensitivity of net banking income	1 year	2 years
Scenario 1	1.5%	2.7%
Scenario 2	2.3%	3.7%
Scenario 3	2.4%	4.1%
Scenario 4	0.8%	- 1.8%

The sensitivity of net current value that results from applying the standard Basel II indicator calculation. A uniform assurance of 200 base points applied to the entire balance sheet, for increases and decreases, enables the variation in discounted value of balance sheet entries to be measured as a percentage of capital equity for the different scenarios.

Sensitivity of the net current value of the CM5-CIC Group	As a % of equity
Sensitivity + 200 basis points	- 5.0%
Sensitivity - 200 basis points	+ 8.2%

◆ Management of liquidity risk

The CM5-CIC Group attaches a lot of importance to the management of liquidity risk. The steering tools used for the management of liquidity risk for the CM5-CIC Group in close collaboration with BFCM, which takes charge of the long-term refunding of the Group, focus on two directions:

– the adherence to the cash ratio at one month, which is representative of the short-term liquidity situation of the Group;
– determining the liquidity gap that is based on contractual and conventional commitments, including off balance sheet commitments. Transformation ratios are calculated (supply/demand) on maturities from 3 months to 10 years and they are subject to limits in order to secure and optimize the refinancing policy;
– the dynamic liquidity gap formula over five years includes elements from new production, to take account of future funding needs for the development of sales activity;
– the analysis of a stress scenario on the static liquidity gap and the alteration ratios, characterized by a drop of 30% of short-term funds and increase in confirmed credit;
– the ALM technical committee decides the liquidity hedging operations to be put in place in respect of all indicators. The distributions are prorated on the basis of the total needs.

Breakdown of CM5-CIC[1] consolidated balance sheet according to residual terms of future contractual cash flows (capital and Interests)

Interests are not taken into account in this chart

2009 – residual contractual maturities

In millions of euros	< 1 month	> 1 month < 3 months	> 3 months < 1 year
Assets			
Financial assets held for transactional purposes	2,783	1,051	3,642
Financial assets intended for JV in profit and loss statement	7,854	5,150	2,185
Derivatives used for hedging (assets)	12	1	546
Financial assets available for sale	824	576	2,985
Loans and debts	0	0	0
Investments held until maturity	35,344	11,090	20,222
Other assets	1	0	600
Liabilities			
Central bank deposits	260	0	1,004
Financial liabilities held for transactional purposes	801	211	1,301
Financial liabilities intended for JV in profit and loss statement	15,870	14,293	7,892
Derivatives used for hedging (liabilities)	8	9	1,599
Financial liabilities valued at their depreciated costs	94,428	43,475	37,870

Excluding insurance business.

> 1 year < 2 years	> 2 years < 5 years	> 5 years	Indeterminate	Total
3,363	5,557	5,941	323	22,660
33	1,436	61	699	17,418
14	43	30	1,017	1,663
2,871	12,149	10,078	2,105	31,590
0	0	0	1,762	1,762
24,592	54,459	107,546	3,311	256,564
77	292	622	0	1,592
0	0	0	0	1,265
932	2,722	3,809	8	9,784
0	0	0	0	38,055
79	1,821	237	1,002	4,755
64,122	18,602	26,100	9,237	293,834

2008 – residual contractual maturities

In millions of euros	< 1 month	> 1 month < 3 months	> 3 months < 1 year
Assets			
Financial assets held for transactional purposes	1,021	1,040	7,283
Financial assets intended for JV in profit and loss statement	4,281	7,461	2,299
Derivatives used for hedging (assets)	114	2	410
Financial assets available for sale	826	467	2,278
Loans and debts	32,963	12,603	14,813
Investments held until maturity	498	773	194
Other assets	561	11,022	1,791
Liabilities			
Central bank deposits	1,963	306	50
Financial liabilities held for transactional purposes	830	619	5,692
Financial liabilities intended for JV in profit and loss statement	10,895	14,973	5,183
Derivatives used for hedging (liabilities)	143	0	1,213
Financial liabilities valued at their depreciated costs	108,377	58,833	29,171

1. Excluding insurance business.

◆ Exchange rate risk

The exchange rate positions for each entity of the Group are centralized automatically on the CIC holding and the BFCM.

This centralization takes place daily for transfers concerning sales activities and for receipts and disbursements of revenues and expenses in currencies.

Unrealized earnings in currencies are converted into euro at the end of each month and the resulting exchange position is also centralized.

Therefore, no entity of the Group has to support exchange rate risk at its level. The holding is in charge of closing exchange positions on the market on a daily and monthly basis.

Only market activities of CM-CIC Marchés have their own exchange rate limit.

Structural exchange positions resulting from cash endowments from subsidiaries located abroad are not covered.

Earnings from exchange positions are reported in conversion accounts of assets or liabilities and are therefore not reported in the income statement.

Earnings from foreign subsidiaries remain in the foreign subsidiaries and are therefore cumulated with the structural exchange position.

◆ Risks on shares

Risks on shares for the CM5-CIC Group are of different types.

The share portfolio held for the basis of transactions, were at 2,241 million euros on December 31st, 2009 against 345 million euros on December 31st, 2008 and concerning only the market activities of the CIC (see note 5 of appendix to consolidated financial reports).

The shares recorded in just value by profit on option concerned:

• 1,796 million euros in shares at fair value on option, which 1,768 million euros for the capital-development

> 1 year < 2 years	> 2 years < 5 years	> 5 years	Indeterminate	Total
4,622	6,144	7,261	450	27,821
197	1,139	293	664	16,334
23	124	213	3,577	4,463
3,843	7,556	14,875	4,630	34,473
17,810	101,629	69,538	2,741	252,097
677	316	702	4	3,165
34	26	3	1,079	14,517
0	0	0	0	2,319
893	2,724	3,138	369	14,264
101	0	0	0	31,151
39	189	482	5,809	7,878
11,349	60,987	19,602	11,943	300,256

activity (see note 5 of appendix to consolidated financial reports) ;

• 9,694 million euros of shares detained by the pole insurance GACM (to see note annexes 1.3.4. in the strengthened accounts, within the framework of contracts in unit of account of the activities of insurance by coherence with the treatment applying to the liabilities)

The outstanding discounted bills of the shares classified in assets available on the sale and in immobilized securities were respectively situated in 5,961 million euros and 2,622 million euros (see note 7 of the appendix in the strengthened financial status).

The long-term investments include in particular:

Equity interest for 1,455 million euros and investments in affiliated companies for 746 million euros: the main shares included in these categories are shares held in the Banque Marocaine du Commerce Extérieur (BMCE Bank) for 756 million euros, shares in the *Républicain Lorrain* for 95 million, shares in the Banca Di Legnano for 80 million euros, shares in the Crédit Logement for 62 million euros, shares in Foncières des Régions for 252 million euros and shares in the CRH (Caisse de Refinancement de l'Habitat) for 26 million euros.

The other long-term shares for 421 million euros: in particular in shares in Veolia Environnement for 235 million euros and shares in NYSE Euronext for 14 million euros.

The additional information relating to secondary distribution of financial instruments and to the impact of the economic crisis is presented in the appendixes (in particular 10b and 43) to the consolidated accounts.

Diminution in value of shares:

Shares are reviewed to identify any diminution in value that has been observed as regards listed shares in the event of significant or prolonged drops below cost.

Diminutions in value recognised in the result stood at 45 million euros in 2009, against 481 million euros in 2008.

On December 31st, 2009, the purchase value of shares with diminished value was 4,391 million euros and the corresponding diminution in value was 1,708 million euros. Their market value was 2,683 million euros.

◆ Capital-investment

The activity is managed through entities solely dedicated to this trade with an entirely re-valued portfolio in fair value per option.

The investments are spread over about 500 lines and concern mainly medium and small businesses. Unquoted investments represent 78% of the portfolio in terms of value.

◆ Risks linked to the capital-development activity

	December 31st, 2009	December 31st, 2008
Number of listed lines	77	58
Number of active unlisted liness	436	439
Re-evaluated portfolio for own accounts	1,641	1,670
Capital managed for third parties	704	636
Nombre de fonds gérés pour compte de tiers	38	36

Source: risk monitoring.

Market operations risks

◆ General organization

CM-CIC Marchés brings together under one entity the market activities of the BFCM and of the CIC.

During the year 2009, market activities carried out in the foreign branches of CIC in New York, London and Singapore were also placed under the responsibility of CM-CIC Marchés, accounting for 87% of the market risks of the Group in terms of requirement for equity.

Its activities are centred on three trades: refinancing, sales and proprietary trading.

Market trading operations are processed and reported in the balance sheet of BFCM for the refinancing activities, and of the CIC for sales activities and proprietary trading. Sales operations carried out in regional banks are also booked in the balance sheet of the CIC. Finally, trading operations may also be carried out and booked in the foreign subsidiaries.

The refinancing activity

A team dedicated to cash management refinances the activities of the retail bank and of the subsidiaries, corporate and specialized financing, proprietary trading of the CM-CIC office and the cash instruments of the CIC Group. It continues in the line of the diversification policy of its investor base, with teams in Paris, Frankfurt and London.

The traded products are mainly monetary instruments and fixed instruments for coverage of rate and exchange.

In addition to the strict refinancing positions, the refinancing business also contains an AFS (Available for Sale) liquidity portfolio that is made up essentially of bonds issued by financial institutions with high rating (investment grade as a minimum).

The sales activity

The sales teams operating out of Paris or out of regional divisions use a range of common tools and products. A dedicated technical unit (conception/matching/reversing: CAR) has been implemented with the objective of finding the best prices, preserving sales margins and reversing exchange and rate positions.

The sales business can also relate to the sale of investment products such as Libre Arbitre or Stork (own account sales). In that case, it is aimed at the companies of the different CM-CIC networks and also customers who are private persons.

Proprietary operations business

In early 2009, this business was reorganised into four distinct desks: 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.

◆ Description of the control functions

During 2009, the internal control function pressed ahead with its drive to improve its organization and its risk and results monitoring methodologies. A series of guidelines describes in detail the limits within each business. Results are prepared in accordance with IFRS and also using a management accounting methodology that includes all the costs relating to these activities. Committees governing the working of the department meet on a regular basis

All the methodologies and procedures are referenced in a book of rules. The complete operational implementation of this set of rules started in late 2007 and was completed in 2008. Updates aimed at integrating new products and improving the tracking of risk measurement were carried out regularly throughout the year 2009. All the procedures can be referred to by the employees of CM-CIC Marchés from the dedicated Intranet site.

The market activities of the CIC Group rest on the following control organizations:

• all the market activities (front office, back office) report to a member of the Board of Directors of the CIC who in turn reports on the activity to the Board of the CIC and to the Board of the BFCM;

• the units operating in the front office are separated from the units operating in risk surveillance and in results (control functions) and from those in charge of validation, settlements and entries (back office);

• The control bodies are managed by the Group Risks department that prepares indicators with summaries of the risk exposures of the Group and causes the validation of equity levels by the Board of Directors of the BFCM and the Directors of CIC;

• the permanent monitoring system functions with a first level control carried out by three teams:

– the unit in charge of control of risks on results (CRR), who approves the production, follows-up results on a daily basis and checks the respect of the limits,

– the unit in charge of accounting and regulatory controls (CCR) in charge of the reconciliation of accounting end economic results as well as regulation aspects,

– a CM-CIC Marchés team covering legal compliance, responsible for first-level legal issues;

• a second level of control functioning around several teams:

– the continuous monitoring of Markets businesses (CPM Marchés), which is part of the continuous monitoring of

businesses, supervises the continuous first-level monitoring applied by CM-CIC Marchés and carries out its own direct monitoring of the activities,
– the credit policy department of the CIC Group, in charge of checking credit procedures, and monitoring outstanding according to counterparty group,
– the legal and fiscal division of the CIC Group supervises the team in charge of legal work and market conformity,
– the finance department of the CIC supervises accounting practices, the chart of accounts and the account and regulatory checks;
• the periodic control of the trades of the CMCEE-CIC Group is carried out by a specialized team of inspectors who make the periodic checks and control the conformity of the market activities;
• the back office is organized according to product line. The different teams are located on two sites in Paris and Strasbourg and manage the operational administrative processes;
• finally, the market activities are steered by two committees:
– a Market Risks Committee (CRM) meets every month and is responsible for tracking the strategy, results and risks in respect of the limits set by the Directors and supervises the market activities of foreign branches in terms of risks,
- A weekly committee firstly analyses the activity, results, current risks and compliance with limits and secondly coordinates the operational aspects – information system, budget, human resources, and procedures.

◆ Risk management

The limit system concerning market risks functions with:
– an overall regulatory equity limit Capital Adequacy Directive (CAD) and the credit risk (RES) and value at risk (VAR);
– internal rules and scenarios (CAD risks and, under implementation, historic VAR and stress tests) that can convert exposures into potential losses.

The limits cover different types of market risks (rates, exchange, shares and signature risk) and are divided into sub-limits by type of risk for each of the sectors of activity. There is no possible compensation between different types of risk.

Risk monitoring is done through first level indicators (sensitivity to the different factors of market risks) that are mainly oriented towards operators, as well as on the second level (potential losses), which brings a more global view directly accessible to the decision makers.

The equity allocated on December 31st, 2009 for the own account business and the sales business in metropolitan France was reduced by 25% in 2009, with an additional 15% decrease planned in 2010.

The consumption of equity by the RMBS business carried out in the New York subsidiary increased greatly in spite of the drop in outstanding amounts, because of the degradation of the ratings of the securities in the portfolio placed in run-off.

The daily cash position of CM-CIC Marchés may not exceed a limit with an intermediate alert level. These levels have been defined by the management and approved by the Directors.

The main risks of the front office concerning the following activities:
– Hybrids: starting at 124 million euros in January, risk consumption fell off up to June, when it reached 83 million euros, and then went up in the second half to end at about 100 million euros at the end of the year. That last trend is due to the regular rise in outstanding amounts in the period. The stock of convertible bonds thus reached 3 billion euros in late 2009 (against 2 billion in 2008).
– Credit: the positions are either securities/CDS arbitrages or credit correlation positions (Itraxx/CDX tranches) or ABS positions. As regards risk consumption, CAD decreases in ABS and credit arbitrage portfolios were mainly due to the maturity of portfolios. CAD consumption remained stable around 30 million euros in the credit arbitrage portfolio in the first half of the year, before dropping and reaching 22 million euros in December. The ABS portfolio followed the same trend with CAD risk consumption of 65 million euros during the first half, then a drop to 46 million euros at the end of the year. The decrease in credit risk (RES) reflects exits from some AFS classified positions. Thus the credit risk (RES) dropped at the end of the year and reached 37 million euros for credit arbitrage and 26 million euros for ABS. The risks of the credit correlation activity, based exclusively on ItraXX/CDX tranches, decreased regularly due to the reduction of positions. Thus, CAD started at 76 million euros at the start of the year and ended at 12 million euros in December with intermediate levels at about 50 to 30 million euros during the year.
– M&A and miscellaneous shares: starting from 6.5 million euros, CAD consumption in share risks increased to 44 million euros in September before ending at 25 million euros in late 2009. It was principally due to the M&A strategies (exchanges and takeover bids). CAD is particularly adverse for this business, and the internal measurement provides a potential loss that is approximately a third. The M&A amount outstanding was 271 million euros in late December against 62 million euros in 2008.

– Fixed income: the positions consist in curve arbitrages, with securities vehicles in most cases. Other arbitrages between OECD State securities with the same maturity but different issuers or the same issuer and different maturities must also be noted. The CAD measurement consumption in late 2009 was 55 million euros, which level is close to that at the start of the year. The paper against swaps outstanding amount was stable in relation to 2008, at 12.6 billion euros.

◆ Credit derivatives

Credit derivative products are used in the Group by CM-CIC Markets and accounted in its negotiation portfolio.

The control system includes these products in the framing process and risk supervision of credits/counterparties.

The front office respects on its end risk limits per issuer/counterparty on all supports. The outstanding is monitored daily and restricted by limits that are reviewed periodically by the authorities designated to this effect (credit policy committees, market risks committees).

Current Ratio (Basel II)

Figures not audited by the statutory auditors.

Since January 1st, 1996, market risks, mainly concerning interest rates, exchange rates, on shares and settlements/counterparties on trading portfolios of banks are submitted to specific requirements concerning equity, in application of European directives on capital adequacy (CAD).

The global requirement on equity is therefore equal to the sum of the equity required for credit risks on the entire weighted risks, for market risks on trading portfolio, and for major risks.

The Group estimates the equity requirement in adequacy with markets risks using the standard statutory model.

The required capital is equal to 8% of net weighted risks.

Since January 1st, 2008, the CM5-CIC Group is subject to the use of the current ratio as defined in the ministerial order of February 20th, 2007 (Basel II).

To this effect, on December 31st, 2009, the weighted risks must be at least equal to 80% of the calculated risks according to the CRBF 91-05 and 95-02 regulations (Basel I).

◆ Consolidated European Current Ratio of the CM5-CIC Group in December 31st, 2009

In millions of euros	December 31st, 2009	December 31st, 2008
Global prudential equity	**17,329**	**17,140**
Core equity – Tier 1	17,915	16,766
– of which 50% Expected losses – Provisions, to deduct	*- 18*	*- 68*
– of which 50% Shareholdings in credit institutions > 10%, to deduct	*- 607*	*- 390*
Additional equity – Tier 2	3,600	3,927
– of which 50% Expeted losses - Provisions to deduct	*- 18*	*- 68*
– of which 50% Shareholdings in credit institutions to deduct	*- 607*	*- 390*
Deductions of basic and supplementary equity	- 4,186	- 3,573
– Net Capital	*17,330*	*17,120*
Capital requirement for credit risk	**12,184**	**11,807**
Capital requirement for market risk	**322**	**372**
Capital requirement for operational risk	**1,155**	**758**
Additional capital requirement for bottom limits	**242**	**2,335**
Global solvency ratio[1]	**9.97 %**	**8.98 %**
(With additional requirement of bottom limits)		
Tier 1 solvency ratio[1] (core)	**10.30 %**	**8.78 %**
Of which Tier 1[1] solvency ratio (with core capital, after application of insurance holdings exceeding Tier 2	**9.97 %**	
Adequacy of equity = weighted risks x 8%		

1. Solvency ratio = prudential equity / weighted risks.

Operational Risks

Under the prudential regulations of Basel II, the Crédit Mutuel Group has progressively implemented since 2002 a complete system for the management of operational risks, under the responsibility of the managing authorities, with a unique risk referential and common quantitative evaluation method.

The Group has an overall operational risk management department that is clearly identified and distributed in practice between the national department and the regional departments. That overall department covers operational risks, business continuity plans and insurance covering those risks.

The system for the measurement and supervision of operational risk relies on a basis common to the whole of the CM-CIC Group, and on an approach for the identification and modeling of risk resulting in the calculation of the final requirement for capital allocated to the coverage of operational risk.

Therefore, CM-CIC Group has set up a comprehensive, structured and coherent arrangement enabling the mapping of risks, taking into consideration the potential for generic risk and summaries thereof in the 8 business lines and for the 7 risk events identified in Basel II, making the connection between actual risks and potential risks.

The Group is in the process of accreditation of the advanced measurement approach (AMA) towards its operational risks. The banking subsidiaries located abroad (Belgium, Luxembourg, Switzerland) and the factoring subsidiaries initially remain covered by the standard method.

◆ Main objectives

The implementation of the policy for the management of operational risks is pursuing the following objectives:

– contribute to the steering of the Group by controlling risks and costs;

– from a human resources point of view: protect people, develop a sense of responsibility, autonomy and control, and capitalize on the expertise within the Group;

– from an economic point of view: protect margins by closely managing operational risks on all activities, guarantee a return on the investment for the statutory adjustments, optimize the equity allocated to the cost of risk and adapt the insurance programmes to the identified risks;

– from a statutory point of view: provide an efficient answer to the statutory requirements of Basel II and to the requests of the control authorities, depend on the internal audit system (CRBF 97.02), optimize the continuation plans (PCA) of vital activities, adapt the financial communication (phase 3 of Basel II).

◆ Role and positioning of the management function of operational risks

The national operational risk management function coordinates and consolidates all of these procedures, relying on a dedicated team serving the Group, which provides leadership to operational risk managers in the regional groups.

The regional function implements the system and its evaluations in coherence with the global function. It is led by the manager of operational risks of the regional group.

◆ System for measuring and controlling operational risks

The modelling according to homogenous risks by trade sector and by type of risk, is applied to all activities using expert evaluations then probabilistic models. The technical committee on operational risks approves the models. The equity allowance is calculated nationally and then distributed regionally.

The general orientations for the reduction of operational risks includes:

– the efficient preventive actions (those that cost less than the risk they are dealing with), identified in the course of the modelling that is directly implemented by the operations team along with the permanent monitoring and quality control;

– the protective actions that are turned in priority towards generalizing the continuation plans on trade sectors, logistics and systems for the vital activities so as to limit the serious effects of a disaster or similar major loss event.

A coherent crisis management system for the Group is generalized, linked to the market for interbanking.It covers crisis communication and the three phases of BCP: emergency plan, continuity plan and restoration plan. The financing programmes for operational risks are reviewed in the course of the results on the valuation of risks, after risk management and containment action, and follow the principles hereafter:

– insure severe and major insurable risks and develop self-insurance for the Group for amounts under the deductible of the insurers and for intra-group risks;

– insure frequency risk when it is justified or finance it by charging to the operating statement;

– severe non-insurable risks and non-insured balance are covered by the prudential equity reserve;

– major risks of the interbank exchange and payment systems are covered by liquidity reserves determined and allocated by the system.

Reporting and general steering

The implementation of the policy for management of operational risks and risk profile are monitored using key indicators, limits and alerts covering the estimate of potential risks, the risk of total loss, the efficiency of the chosen reduction and financing measures. They are the object of regular information to the executive authorities and governing bodies and integrate the requirements of CRBF 97-02.

Documentation and procedure

The Group has procedures in continuous mode that have been validated by the management bodies and comprise:
– governance: overall governance addressing the role and composition of the different decision-making bodies, the content, frequency and addressees of reports, the range of the inventory of losses and updating frequency;
– loss collection: general collection procedure, handling of boundary risks, quality review of loss database;
– measurement system: general advanced measurement procedure, methodology of mapping and probabilistic models, collection process of risk indicators present in the information system, calculation of net banking revenue (NBR) by line of business, key for the distribution of equity, Corep declarations.

Activity continuation plans (PCA)

The PCA come under the protective actions implemented by the company to limit the seriousness of a loss, within the programme for the management of operational risks.

A "methodology for the setting up of a PCA" has been drawn up and is the reference document for the Crédit Mutuel-CIC Group. It is accessible to all the teams concerned by the PCA and is applied at regional group level.

The PCA are of two types:
– the PCA by trade: they concern a given bank trade linked to one of the trade lines of Basel II;
– the transversal PCA concern trades for which the object is to provide other trades with the means to function; these are logistics, HR and IT business continuity plans.

They are organised in three phases:
– the contingency plan is immediate and included all the actions dealing with the treatment of matters of urgency and the implementation of the backup solution;
– the continuation plan applies in the case of the resumption of activity in a downgraded environment in accordance with the terms defined before the occurrence of the crisis;
– the recovery plan: its implementation takes place shortly after the start of the continuation plan. The implementation time depends on the extent of the damage.

The crisis management and its organization

The crisis management system implemented at the Group level covers the communication and the most effective organization possible to deal with the three phases of the crisis: contingency plan, continuation plan, recovery plan.

This system relies on:
– a crisis committee that makes the vital decisions, prioritizes actions and handles internal and external communication. The chairman is the general manager of the regional division on a regional level, and the general manager of the Group on a national level;
– a crisis team that centralizes information, implements the decisions that are taken and is in charge of their follow-up;
– a crisis unit per trade that coordinates crisis management operations on the field with the crisis team and particularly the activation of the PCA until back to a normal situation.

Insurance backup for equity

The CM-CIC has an insurance plan that covers in particular damages to goods, global bank/fraud coverage, professional liability insurance and key person insurance.

The objective of the Group is to put forth this programme in order to reduce the required use of equity to cover operational risks.

Training

Every year, the Group takes action in favour of training in operational risks for network directors, internal controllers and operational staff responsible for tracking the risks.

Inventory for 2009 of losses for the CM5-CIC Group

The total losses of the CM5-CIC Group reached 66.7 million euros, of which 43.9 million in losses supplemented by 22.8 million euros in provision variations (+/- provision allowances and reversals).

The total incurred losses are defined below:
– fraud: 23.1 million euros;
– business relationship: 20.3 million euros;
– human error or procedure failure: 11.6 million euros;
– legal: 9.5 million euros;
– natural phenomena and systems malfunctioning: 2.2 million euros.

Fraud, labour relations (individual disputes with employees or former employees: settlements and legal proceedings) and involuntary errors remain the main causes of losses.

Other risks

◆ Legal risks

Legal risks are integrated into operational risks and concern, among other things, exposures to fines, penalties and damages for faults attributable to the company as a result of its operations.

◆ Industrial and environmental risks

Industrial and environmental risks are integrated into the operational risks and are analysed from the viewpoint of systems failures and the occurrence of major natural disasters (100-year return flood, deluge, earthquake, pollution etc.) and their impact on the company and the prevention and protection resources to put in place, particularly crisis management and business continuity plans.

CONSOLIDATED FINANCIAL STATEMENTS (Standards IFRS)

Balance Sheet
(in millions of euros)

◆ Asset

	Notes	December 31st, 2009	December 31st, 2008
Cash and amounts due from central banks	4a	9,185	16,467
Financial assets at fair value through profit or loss	5	52,963	57,807
Derivatives used for hedging purposes	6	1,713	4,523
Available-for-sale financial assets	7	75,723	71,723
Loans and receivables due from credit institutions	4a	38,668	41,877
Loans and receivables due from customers	8a	218,017	209,545
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	547	477
Held-to-maturity financial assets	9	9,101	10,125
Current tax assets	13a	1,078	1,095
Deferred tax assets	13b	1,333	1,627
Acccruals and other assets	14	16,495	16,059
Share in deferred profit		0	1,336
Investments in associates	15	517	343
Investment property	16	1,123	944
Tangible fixed assets	17a	2,781	2,508
Intangible assets	17b	969	547
Goodwill	18	4,085	3,557
Total assets		**434,298**	**440,559**

◆ Liabilities

	Notes	December 31st, 2009	December 31st, 2008
Central banks	4b	1,265	2,319
Financial liabilities at fair value through profit or loss	5b	47,841	47,614
Derivatives used for hedging purposes	6a	4,769	7,903
Due to credit institutions	4b	40,542	57,829
Due to customers	8b	149,740	128,089
Debt securities	19	87,341	100,850
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	- 1,782	- 1,376
Current tax liabilities	13a	395	280
Deferred tax liabilities	13b	1,126	892
Accruals and other liabilities	14b	12,193	14,511
Technical reserves of insurance companies	20	61,445	55,924
Provisions	21	1,187	918
Subordinated debt	22	6,357	7,297
Shareholders' equity		21,879	17,509
Shareholders' equity – Group share		18,733	15,290
– Capital and capitalized reserves	*23a*	*4,918*	*3,703*
– Consolidated reserves	*23a*	*12,626*	*12,320*
– Gains and losses accounted for directly in equity	*23c*	*- 4*	*- 1,086*
– Net income for the year		*1,194*	*353*
Minority interests		3,146	2,218
Total liabilities		**434,298**	**440,559**

Profit and loss account

(in millions of euros)

	Notes	December 31st, 2009	December 31st, 2008
Interest and assimilated revenue	25	16,714	19,247
Interest and assimilated expenditure	25	- 11,027	- 16,773
Commission income	26	3,453	2,715
Commission expense	26	- 890	- 882
Net gains or losses on financial instruments available for sale	27	444	377
Net gains or losses with financial assets available for sale	28	- 14	- 131
Income from other activities	29	11,091	6,352
Expense the other activities	29	- 9,649	- 5,179
Net banking income		**10,122**	**5,726**
Operating expenses	30a, 30b	- 5,505	- 3,981
Allowances/reversals for depreciation and provisions for tangible and intangible assets	30c	- 443	- 336
Gross operating income		**4,174**	**1,409**
Cost of risk	31	- 1,987	- 1,064
Operating income		**2,187**	**344**
Share of earnings in associates	15	31	25
Net gain/loss on other assets	32	9	13
Variation in value of goodwill	33	- 124	0
Pre-tax income		**2,103**	**381**
Corporate income tax	34	- 668	127
Net income		**1,435**	**509**
Minority interest		241	155
Net income (Group share)		1,194	353

◆ Status of the net result and gains and losses accounted for directly in equity

	Notes	December 31st, 2009	December 31st, 2008
Net profit		**1,435**	**509**
Conversion differences		- 23	15
Revaluation of financial assets available for sale		1,304	- 1,855
Revaluation of derivative hedging instruments		- 31	- 10
Revaluation of fixed assets		0	0
Share of latent or deferred gains or losses with equity accounted companies		0	- 2
Total gains and losses accounted for directly in equity	23c, 23d	**1,251**	**- 1,852**
Net result and gains and losses accounted for directly in equity		**2,686**	**- 1,343**
– including Group share		*2,276*	*- 1,244*
– including minority interest share		*410*	*- 99*

The sections relating to the gains and losses accounted for directly in equity are presented in their amount after tax.

Statement of net cashflow

(in millions of euros)

	2009	2008
Net income	1,435	509
Coporate income tax	668	- 127
Pre-tax income	**2,103**	**381**
Net depreciation on tangible and intangible assets	459	335
Depreciation of goodwill and other fixed assets	1	1
Net additions to provisions	1,144	1,427
Share of net income of associates	- 21	- 8
Net loss/income on investing activities	- 9	- 95
Income/charges on financing activities	0	0
Other movements	3,228	- 2,527
Total of non-monetary items included in the net income before tax and other adjustments	**4,802**	**- 867**
Flows relating to interbank transactions	- 21,594	7,719
Flows relating to customer transactions	20,446	- 10,082
Flows relating to other transactions affecting financial assets or liabilities	- 10,794	8,971
Flux relating to other transactions affecting non-financial assets or liabilities	- 2,043	- 3,752
Taxes paid	- 604	- 497
Net decrease/(increase) in assets and liabilities from operating activities	**- 14,589**	**2,360**
Total cash flows from operating activities (A)	- 7,684	1,874
Flows relating to financial assets and holdings	1,272	- 2,435
Flows relating to investment property	- 193	28
Flows relating to tangible and intangible fixed assets	- 559	- 495
Total cash flows from investing activities (B)	521	- 2 901
Flows relating to transactions with shareholders	977	- 25
Other flows coming from financing activities	- 2,091	1,028
Total cash flows from financing operations (C)	- 1,115	1,002
Effect of movements in exchange rates on cash and equivalents (D)	19	8
Net increase/(decrease) in cash and equivalents (A + B + C + D)	**- 8,259**	**- 18**
Net cash flows from operating activities (A)	- 7,684	1,874
Net cash flows from investing activities (B)	520	- 2,901
Net cash flows from financing activities (C)	- 1,115	1,002
Effect of movements in exchange rates on cash and equivalents (D)	19	8
Cash and equivalents at beginning of year	**12,551**	**12,570**
Cash, central banks, CCP (assets and liabilities)	14,152	6,587
Accounts (assets and liabilities) and lending/borrowing with credit institutions	- 1,600	5,983
Cash and equivalents at end of year	**4,292**	**12,551**
Cash, central banks, CCP (assets and liabilities)	7,920	14,152
Accounts (assets and liabilities) and lending/borrowing with credit institutions	- 3,628	- 1,600
Net increase in cash and equivalents	- 8,259	- 18

Change to consolidated shareholders' equity

(in millions of euros)

	Capital	Premiums	Consolidated reserves[1]	Conversion reserves
Equity on January 1st, 2008	**3,537**		**10,658**	**- 42**
Increase in capital	160	6		
Appropriation of financial profit 2007			1,845	
Distribution in 2008 of 2007 profit			- 89	
Sub-total of transactions relating to relations with shareholders	160	6	1,756	
Variations of gains and losses accounted for directly in equity				
Profit 2008				
Sub-total				
Effects of changes to the scope			- 53	
Exchange rate variations			2	- 1
Equity on December 31st, 2008	**3,697**	**6**	**12,363**	**- 43**
Equity on January 1st, 2009	**3,697**	**6**	**12,363**	**- 43**
Increase in capital	1,156			
Appropriation of financial profit 2008			353	
Distribution in 2009 of 2008 profit			- 114	
Sub-total of transactions relating to relations with shareholders	1,156		239	
Variations of gains and losses accounted for directly in equity				
Profit 2008				
Sub-total				
Effects of changes to the scope	65	- 6	60	
Exchange rate variationsn				7
Equity on December 31st, 2009	4,918		12,662	- 36

1. The reserves consist on December 31st, 2009 of the legal reserve 50 million euros, the statutory reserves 1,547million euros, and other reserves 11,065 million euros.

Latent or deferred gains/losses (after tax)		Net result, Group share	Equity, Group share	Equity, minority share des minorités	Total consolidated equity
Fair value variation of assets available for sale	Fair value variation of derivative hedging instruments				
514	**- 3**	**1,845**	**16,509**	**2,182**	**18,691**
			166		166
		- 1,845			
			- 89	- 102	- 191
		- 1,845	77	- 102	- 25
- 1,587	- 10		- 1,597	- 255	- 1,852
		353	353	155	508
- 1,587	- 10	353	- 1,244	- 100	- 1,344
			- 53	234	181
			1	4	5
- 1,074	**- 12**	**353**	**15,290**	**2,218**	**17,508**
- 1,074	**- 12**	**353**	**15,290**	**2,218**	**17,508**
			1,156		1,156
		- 353			
			- 114	- 65	- 179
		- 353	1,042	- 65	977
1,063	- 31		1,032	169	1,201
		1,194	1,194	241	1,435
1,063	- 31	1,194	2,226	410	2,636
50			169	582	751
			7	1	8
39	- 43	1,194	18,733	3,146	21,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles and methods

Note 1.1 Accounting reference system

In application of Regulation (EC) 1606/2002 on the application of the international accounting standards and Regulation (EC) 1725/2003 on their adoption, the consolidated financial statements for the financial year have been drawn up according to the IFRS reference system adopted by the European Union on the closing date of the financial year. This IFRS reference system includes the IAS standards 1 to 41, IFRS rules 1 to 8 and their SIC and IFRIC interpretations adopted on that date. The summary documents are presented according to recommendation CNC 2009-R.04.

The IFRS 8 standard and the IAS 1 standard revised in 2007 were applied for the first time since January 1st, 2009. The IFRS 8 standard has no impact on the presentation of financial data. Financial statements have been adapted to comply with IAS 1.

Since January 1st, 2009, the IFRS 7 standard is being applied.

All the IAS/IFRS standards were updated on November 3rd, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. The references are now available from the website of the European Commission: "http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm"

Note 1.2 Scope and methods of consolidation

◆ Consolidating entity

The Crédit Mutuel CM5 Group (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique) is a mutual banking group with membership of a central body in the meaning of articles L511-30 et sequentes of the monetary and financial code. The local branches of the Crédit Mutuel, which are fully held by members, are at the base of the Group, using a capital control structure that is an upside-down pyramid.

In order to reflect the community of interests of members as faithfully as possible in the consolidation, the consolidating entity is defined so as to reflect the common links of working, financial solidarity and governance.

As part of that, the consolidating entity at the head of the Group is made up of companies placed under the same collective approval for practicing the banking activity issued by the committee of credit institutions and investment companies (CECEI).

Thus, the consolidating entity is made up[1] of:

– the Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), the Fédération du Crédit Mutuel du Sud-Est (FCMSE), the Fédération du Crédit Mutuel Ile-de-France (FCMIDF), the Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB) and the Fédération du Crédit Mutuel Midi-Atlantique (FCMMA). These are the policy bodies of the three Groups, and they identify the broad orientations, decide strategy and organise the representation of the branches;

– the Caisse Fédérale de Crédit Mutuel (CF de CM), the Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), the Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF), the Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB) and the Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA). At the service of local branches, the CF de CM is responsible for common services of the network, coordinating the work and taking charge of Group logistics. It centralises the deposits of branches, funding them at the same time, and carries all the regulatory appropriations on their behalf (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.);

– the Crédit Mutuel branches that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB and FCMMA: these form the basis of the banking network of the Group.

The analysis of the verification of the consolidating entity complies with standard IAS 27, making it possible to prepare consolidated accounts according to IFRS references.

◆ Scope of consolidation

The general principles governing the inclusion of an entity in the scope are laid down by IAS 27, IAS 28 and IAS 31.

The scope of consolidation consists of:

Entities under exclusive control

There is a presumption of exclusive control when the Group holds, directly or indirectly, a majority stake in the capital and either the majority of the voting rights or the power to appoint a majority of the members of the management or supervisory bodies, or when the Group exercises a dominant influence. The accounts of the entities under exclusive control are consolidated by global integration.

Entities under joint control

Joint control is the sharing, by virtue of a contractual agreement, of control over an economic activity, whatever the structures or forms according to which the activities are conducted. The entities under joint control are consolidated by the proportional method.

1. As from January 1st, 2009 for the Fédération du Crédit Mutuel Midi-Atlantique.

Entities under significant influence

These are entities that are not controlled by the consolidating entity, but over which there is a power of participation in financial and operational policy. The securities of entities in which the Group exercises a significant influence are valued by the equity method.

Entities under control or under significant influence which do not represent a significant amount in the consolidated accounts are excluded from the scope of consolidation. This situation is presumed when the balance sheet total or the company's profit or loss do not have an impact of more than 1% on the consolidated or subconsolidated equivalent (in the case of consolidation in stages). This quantitative criterion is only relative; an entity may be included in the scope of consolidation in spite of this threshold, when its activity or its anticipated development give it the quality of strategic investment.

An ad hoc entity is consolidated if the conditions laid down by SIC 12 (activities of the entity conducted exclusively on behalf of the Group, decision-making or management power to obtain the majority of the advantages relating to the current activities of the entity, ability to benefit from the advantages of the entity, conservation of the majority of the risks) are fulfilled.

Stakes held by development capital companies and over which joint control or significant influence are exercised are excluded from the scope of consolidation and are accounted for at fair value on option.

◆ Changes to the scope

The changes to the scope at December 31st, 2009 are as follows:

Entries into the consolidation

– Fédération du Crédit Mutuel Midi-Atlantique (consolidating entity): Fédération du Crédit Mutuel Midi-Atlantique, Caisse Régionale du Crédit Mutuel Midi-Atlantique and member branches.

– Cofidis group: C2C, Cofidis Argentina, Cofidis Belgium, Cofidis Spain, Cofidis France and branches, Cofidis Italy, Cofidis Holdings, Cofidis Portugal, Cofidis Czech Republic, Cofidis Rumania, Cofidis Slovakia, Creatis, Crefidis, Monabanq.

– Others: Agence Générale d'Informations Régionales, Banca Popolare di Milano, Carmen Holding, CMCIC Home Loans, CCMCIC Leasing GMBH, Darcy Presse, Delaroche, Documents AP, Est Bourgogne Rhône-Alpes (EBRA), *Gazette Indépendante de Saône-et-Loire,* Groupe Le Progrès, Immocity, Informatique pour la Communication, Jean Bozzi Communication, *La Tribune, Le Bien Public, Le Dauphiné Libéré, Les Journaux de Saône-et-Loire, Lyon Plus*, Presse Diffusion, Promopresse, Publiprint Dauphiné, Publiprint Province n° 1, Rhône-Alpes Diffusion, Rhône-Offset Presse, Royal Automobile Club of Catalonia (Universal Assistencia de Seguros y Reaseguros), SA Lyonnaise de Télévision, SCI 6 Place Joubert, SCI du Palais, SCI Hôtel de Ville, SCI Le Progrès Confluence, Société d'Edition d'hebdo and local periodicals.

Leaving the scope

Banque Transatlantique Jersey, Elite Opportunities (Liechtenstein) AG, Pargestion 3, Pargestion 5, Ufigestion 3.

◆ Methods of consolidation

The methods of consolidation used are as follows:

Global integration

This method consists of substituting for the value of the securities each of the assets and liabilities of each subsidiary and of isolating the part of the non-controlling interest in the shareholders' equity and in the results. It applies to all the entities under exclusive control, including those with different accounting structures, whether or not the activity is an extension of that of the consolidating entity.

Proportional integration

This method consists in integrating into the accounts of the consolidating entity the representative fraction of its interests in the accounts of the consolidated entity, after possible restating; no minority interest is thus recognised. It applies to all the entities under joint control, including those with a different account structure, whether or not the activity is an extension of that of the consolidating entity.

Equity accounting

This means substituting for the value of the securities the Group's share in the shareholders' equity and the results of the entities concerned. It applies to all the entities under significant influence.

◆ Closing date

All the companies in the Group included in the scope of consolidation close their corporate accounts on December 31st.

◆ Elimination of reciprocal transactions

The reciprocal accounts as well as the profits resulting from assignments between the entities in the Group and having a significant impact on the consolidated accounts are eliminated.

Internal receivables, debts, commitments, charges and income are eliminated for the entities consolidated by global integration.

◆ Conversion of accounts in foreign currencies

Concerning the accounts of foreign entities expressed in other currencies, the balance sheet is converted on the basis of the official exchange rate on the balance sheet date. The difference in the capital, reserves and balance carried forward is entered into the shareholders' equity, in the "Conversion reserves". The income statement is converted on the basis of the average rate over the financial year. The resulting conversion differences are entered directly in the "Conversion reserves" account. This difference is reintegrated into the result in the event of the assignment or liquidation of all or a part of the stake held in the foreign entity.

The Group opted to reset the conversion reserves to zero in the opening balance sheet of January 1st, 2004 as allowed by IFRS 1.

◆ Goodwill

Purchase price discrepancy

At the date when a new entity is taken over, the assets, the liabilities, as well as any contingent operating liabilities are valued at their fair value. The purchase price discrepancy corresponding to the difference between the book value and the fair value is entered into the accounts.

Goodwill

In accordance with IFRS 3, on the date when a new entity is taken over, the assets and liabilities as well as the contingent liabilities are valued at their fair value. The difference between the acquisition price of the securities and the total valuation of the assets, liabilities and contingent liabilities constitutes the goodwill. If it is positive, it is entered on the assets side and if it is negative, it is immediately entered into the result, under "Variations in the value of goodwill'.

In the case of an increase in the Group's percentage interest in an entity already controlled, the difference between the acquisition cost of the securities and the complementary portion of the consolidated shareholders' equity that these securities represent on the date of their acquisition is entered into the shareholders' equity.

The Group regularly carries out, and at least once a year, goodwill depreciation tests. The aim of these tests is to ensure that the goodwill has not undergone any depreciation. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill allocated is less than its book value, a depreciation is entered for the amount of the difference. This depreciation, recognised as a result, is irreversible. In practise, the CGUs are defined in relation to business lines according to which the Group conducts its business.

Note 1.3 Accounting principles and methods

The IFRS standards offer a choice of accounting methods on certain subjects. The main options chosen by the Group concern:

– the use of the fair value or of a revaluation as the presumed cost of the fixed assets at the time of the conversion: this option may apply to any tangible fixed asset, any intangible asset that meets the revaluation criteria, or any investment property valued on the basis of the cost. The Group has chosen not to use this option;

– the immediate recognition as shareholders' equity of actuarial gains/losses relating to staff benefits has not been applied by the Group;

– the Group opted to reset the conversion reserves to zero;

– the valuation at the market price of certain liabilities issued by the company not belonging to the trading book;

– the eligibility for fair value hedging relationships of macro hedging operations carried out as part of the assets-liabilities management of fixed rate positions (including in particular clientele sight deposits) authorised by Regulation n° 2086/2004 of the European Commission, was applied by the Group;

– the Group used the IAS 39 amendment of October 2008, which permits the reclassification of certain financial instruments recognized at fair value in loans or receivables or assets held until their term. Reclassifications into assets available for sale are also possible.

Note 1.3.1 Loans and receivables

Loans and receivables are fixed or determinable income financial assets not listed on an active market. They include loans granted directly or the share in the context of syndicated loans, acquired loans and unlisted debt securities. They are recognised at their market value when they are entered into the balance sheet, which is generally the net amount paid out. The rates applied are presumed to be market rates insofar as the scales are adjusted permanently according in particular to the rates of the great majority of competing institutions. These outstanding amounts are then valued at the following closing dates at the depreciated cost by using the effective interest rate method (except for those that have been entered into the accounts according to the fair value by option method).

Commission directly relating to the setting up of the loan, received or paid and of the interest type, is spread over the duration of the loan according to the effective interest rate method and is entered in the income statement among the interest items.

The fair value of the loans is communicated in the notes on each closing date: it corresponds to the discounting of the future flows estimated on the basis of a zero coupon rate curve which does not include a signature cost inherent to the debtor a signing cost inherent to the debtor.

Note 1.3.2 Diminution in value of loans and debts receivable, funding commitments and financial guarantees given and debt instruments available for sale or held to maturity

◆ Individual diminution in value of loans

A depreciation is recognised as soon as there is objective proof of depreciation resulting from one or more events occurring after the setting up of the loan — or of a Group of loans — and liable to generate a loss. An analysis is done at each closing date contract by contract. The depreciation is equal to the difference between the book value and the discounted value at the original interest rate of the loan of the estimated flows taking account of the effect of the guarantees. In the case of a variable rate, it is the last known contractual rate that is used.

The existence of payments due and unpaid for over 3 months, 6 months for property and 9 months for local authorities, represents objective proof of a loss event. Similarly when it is probable that the debtor will not be able to pay back all the amounts due or when there is an event of default or again in the case of official receivership, an objective indication of loss is identified.

Allowances for diminution in value and provisions are entered in the cost of the risk. The reversals of diminution in value and provisions are saved as risk costs as regards the share relating to the risk variation and as interest margin as regards the share relating to the passing of time. Diminution in value is deducted from assets as regards loans and debts receivable, and the provision is entered as a liability under the item "Provisions" as regards funding and guarantee commitments.

Unrecoverable debts are entered as losses and the corresponding diminution in value and provisions are reversed.

◆ Collective diminution in value of loans

Loans to the clientele not depreciated on an individual basis are the subject of a provision for homogenous loan portfolios in the case of the deterioration of internal or external ratings, on the basis of losses in the event of a default and of the probability of a default until maturity observed internally or externally, applied to outstanding loans. It is entered as a deduction of the outstanding amounts corresponding to the assets, and the variations over the financial year are recorded under the item "Cost of risk" in the income statement.

Note 1.3.3 Lease contracts

A lease is an agreement whereby a lessor assigns to a lessee, for a given period, the right to use an asset in exchange for a payment or a series of payments.

A direct financing lease is a lease that has the effect of transferring to the lessee virtually all the risks and advantages inherent in the ownership of an asset. The transfer of ownership may occur or not, in fine.

A simple lease refers to any lease other than a direct financing lease.

◆ Lessor direct financing lease operations

In accordance with IAS 17, the direct financing lease operations carried out with companies outside the Group feature in the consolidated balance sheet for their outstanding amounts determined according to financial accounting.

In the lessor's accounts, the analysis of the economic substance of the operations leads to:

• recognising a financial claim on the client, depreciated by the rents received;

• breaking down the rents into, on the one hand the interest and, on the other the amortisation of the capital, called financial amortisation;

• recognising a net hidden reserve, equal to the difference between:

– the net financial liabilities: the lessee's debt constituting the capital remaining due and the accrued interest at the end of the financial year;

– the net book value of the fixed assets leased;

– the provision for deferred tax.

◆ Lessee direct financing lease operations

In accordance with IAS 17, the fixed assets are entered in the balance sheet assets by way of compensation for a loan with credit institutions in the liabilities. The rents paid are broken down into interest charges and reimbursement of the principal of the debt.

Note 1.3.4 Securities acquired

Shares held are classified in the three categories designated under IAS 39, "Financial instruments valued at fair value through profit or loss", "Financial assets held to maturity" and "Financial assets available for trading".

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

Classification

The category of "Financial instruments valued at fair value through profit or loss" includes:

1. financial instruments held for transaction purposes. These are mainly instruments which:
a. have been acquired to be sold or bought again in the short term, or
b. are integrated in a portfolio of financial instruments managed together for which an effective recent schedule for short term profit taking exists, or again
c. constitute a derivative not qualified as a hedge;

2. financial instruments classified by choice from the outset at the fair value through profit or loss in application of the option opened up by IAS 39 whose conditions of application were laid down by the amendment published in June 2005. The aim of the application of the fair value option is to produce more relevant financial information, with in particular:
a. the fair value valuation of certain composite financial instruments without separation of the embedded derivatives, whose separate valuation would not have been sufficiently reliable,
b. the significant reduction of distortions in accounting treatment between certain assets and liabilities,
c. the management and monitoring of the performances of a group of assets and/or liabilities corresponding to a management of the risks or an investment strategy carried out at the fair value.

The Group has used this option in particular within the framework of unit-linked contracts in the insurance business out of coherence with the treatment applying to liabilities as well as for the securities of the development capital business and certain debts issued including embedded derivatives.

Basis for assessment and recognition of expenses and income

Instruments classified as "Assets and liabilities at fair value through profit or loss" are counted when they are entered into the balance sheet at their fair value, as well as at later closing dates, and this until they are sold. Variations in fair value and the income received or accrued on the fixed income securities classified in this category are recorded in the income statement under the item "Net income or losses on financial instruments at fair value through profit or loss".

Purchases and sales of securities valued at fair value through profit or loss are entered into the accounts on the settlement date. Variations in fair value between the trade date and the settlement date are counted in the result. The assessment of the counter-party risk on these securities is taken into account in the fair value.

Fair value or market value

The fair value is the amount at which an asset could be exchanged or a liability extinguished, between well-informed and consenting parties acting in normal conditions of competition. When an instrument is first recognised, its fair value is generally the transaction price.

The fair value in the case of the listing of the financial instruments on an active market is the price listed or market value, for this is the best estimation of the fair value.

The price quoted in the context of an asset held or a liability to be issued is generally the bid price and the ask price when it is a liability held and an asset to be acquired.

In the event of symmetrical active and passive positions, only the net position is valued according to the bid price if it is a net asset or a net liability to be issued and according to the ask price if it is a net liability or net asset to be acquired.

The market is said to be active when the prices quoted are easily and frequently available and these prices represent real transactions and occur regularly in normal conditions of competition on very similar financial instruments.

When the quotation market is not active, the fair value is determined using assessment techniques.

The derivatives are revaluated on the basis of data observable in the market (for example rate curves). The notion of bid/ask must then be applied to these observable data.

For the securities of the development capital business, a multi-criteria approach is applied, completed by experience in the field of valuing unlisted companies.

Classification criteria and rules for transfer

Market conditions can lead the Crédit Mutuel Group to change its investment strategy and its management intentions concerning these shares. Therefore, when it seems ill timed to transfer shares initially acquired with an objective of short-term transfer, these shares may be reclassified, in accordance with the specific regulations of amendment IAS 39 of October 2008. The transfer to categories such as "Financial assets available for trading" or "Financial assets held to maturity" is authorized under exceptional circumstances.

The transfer to the "Loans and receivables " category is possible on the condition that the Group has the intent and the ability to hold them for the foreseeable future or to maturity. The objective of these portfolio transfers is to best reflect the new intents in terms of management concerning these instruments and to reflect in a more accurate manner their impact on the results of the Group.

◆ Available-for-sale financial assets

Classification

Available for sale financial assets include the financial assets not classified as "Loans and receivables", nor as "Financial assets held until maturity" nor as "Fair value through profit or loss".

Basis for assessment and recognition of expenses and income

These assets are recognised in the balance sheet at their market value at the time of their acquisition and at future closing dates, until they are sold. Variations in fair value are recorded under a specific item of shareholders' equity called "Unrealised or deferred income or losses", outside accrued revenue. This unrealised income or losses entered into the accounts as shareholders' equity is only recognised in the income statement in the event of their sale or permanent decline in value. In the event of sale, this unrealised income or losses previously entered as shareholders' equity is recognised in the income statement under the item "Net income or losses on available-for-sale financial assets", as well as the capital gain or loss. Purchases and sales of securities are recognised on the settlement date.

The accrued or acquired revenue from fixed income securities is recognised in the results under the item "Interest and related income". The dividends received on variable income securities are recorded in the income statement under the item "Net gains or losses on available-for-sale financial assets".

Depreciation of debt instruments available to trading

Depreciations are booked in the "Cost of risk" category and are reversible. In the case of depreciations, differed capital loss or profit are booked in results.

Depreciation of capital instruments available for trading

A capital instrument is depreciated in the presence of objective indications of depreciation, either in the case of a) a major or prolonged decrease in the fair value below its price, or b) information concerning important changes with a negative effect, which occurred in the technological or legal environment where the issuer operates and which indicate that the investment cost may not be recovered.

As regards equity instruments, it is considered that a devaluation of at least 50% in relation to its cost of acquisition or over a period of over 24 consecutive months leads to diminution in value. The analysis is carried out individually for each item. A judgement is also made for securities that do not fulfil the criteria above, but where the Group believes the invested amount cannot reasonably be expected to be recovered in the near future.

Depreciations are recognized in the "Net profits or losses on financial assets available for trading" category and are irreversible as long as the instrument is reported in the balance sheet. Any ulterior decrease is also recognized in results. In the case of depreciations, differed capital losses or profits are recognized in results.

Classification criteria and rules for transfer

Fixed-interest securities may be reclassified:

– in "Financial assets held to maturity", in case of modification of intent and if conditions are met for classification under this category;

– in "Loans and receivables", in the case of modification of intent and ability to hold for the foreseeable future or to maturity and if conditions are met for classification under this category.

In the case of transfer, the fair value of the financial asset at the date of reclassification becomes the new cost or depreciated cost. No profit or loss recognized before the transfer date may be derecognized.

In the case of transfer of shares in the "Financial assets available for trading" category to "Financial asset held to maturity" or "Loans and receivables" of instruments before the maturity date, the unrealized capital losses or profits are depreciated on the residual term of the assets. For the transfer of instruments that do not have a fixed term to the "Loans and receivables" category, the unrealized capital losses or profits are recognized as equity until the securities are sold.

◆ Financial assets held to maturity

Classification

Financial assets held to maturity are fixed or determinable income financial assets necessarily listed on an active market that the Group has the intention and ability to keep until their maturity and has not decided to classify as financial instruments at fair value through profit or loss or as available-for-sale financial instruments. The criteria of intention and ability to keep securities until their maturity are checked on each closing date.

Measurement basis and recognition of costs and income

Securities are recognized at fair value at the trade date. Transaction costs are spread since they are included in the calculation of the effective interest rate except when they are not significant, in which case they are recognized in initial income. For the ulterior closings, the securities are valuated at amortized cost according to effective interest rate method, which includes amortization of premiums and discounts equivalent to the difference between the acquisition cost of the securities and the trading cost.

Income from these securities is recognized in "Interest and other income" of the income statement.

Depreciation

Financial assets held to maturity are depreciated in the same way as receivables and loans when classified as a credit risk.

Classification criteria and rules for transfer

This category includes fixed income securities or securities determined at a given date which the Group has the intention and ability of holding until term.

Eventual hedging operations in terms if interest rate classified in this category of securities are not eligible for hedging as defined under IAS 39 standards.

In addition, the possibilities for sale or transfer of the securities in this portfolio are very limited under IAS 39 standards, or run the risk of declassification of the entire portfolio of the Group and of banning access to this category for a period of two years.

◆ Fair value hierarchy of financial instruments

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, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

– whose fair value depends on an interest rate, the price of financial instruments, the price of raw materials, an exchange rate, a price, rate or credit index or another variable known as an underlying;

– which requires a low net investment or no investment or one lower than a non-derivative financial instrument to have the same sensitivity to the variation in the underlying;

– which is unwound at a future date.

Derivatives are part of the financial instruments held for transaction purposes except when they enter into a hedging relationship.

They are entered in the balance sheet among the financial instruments at fair value through profit or loss for their fair value. Variations in fair value and the accrued interest or interest due are entered into the accounts among the net income and losses nets on financial instruments at fair value through profit or loss.

The hedge derivatives that meet criteria required by standard IAS 39 to be qualified from an accounting point of view as hedging instruments are classified in the categories "Fair value hedges" or "Cash flow hedges" as appropriate. The other derivatives are all classified by default in the category transaction assets or liabilities, even if economically they have been subscribed with a view to covering one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument which, separate from its host contract, meets the definition of a derivative. Making certain cash flows vary in a similar way to that of a freestanding derivative.

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

– the hybrid instrument hosting this embedded derivative is not valued at fair value through profit or loss;

– the economic characteristics of the derivative and its related risks are not considered as closely linked to those of the host contract;

– the distinct valuation of the embedded derivative to be separated is sufficiently reliable to provide relevant information.

Financial instruments at fair value through profit or loss – derivatives – structured products

Structured products are financial packages offered to customers to meet their needs more precisely. They are constructed from elementary products, generally options. There are different categories of structured products based on the following elementary products: simple options, binary options, barrier options, Asian options, look back options, options on several assets, index swaps.

There are three main families of methods of valuing these products: the methods arising out the resolution of a partial differential equation, the discrete time tree methods and the Monte-Carlo methods. The first and the last methods are used. The analytical methods applied are those selected by the market for modelling the underlying instruments used.

The parameters used for pricing are those observed or deduced via a standard model of the values observed, on the closing date. If there is no organised market, the values used are taken from the brokers most active on the corresponding products and/or extrapolated from quoted values. All the parameters used are historised. Unlisted financial futures are revalued from the prices observable in the market, according to the procedure known as "flashing". This last method consists of noting each day at the same time the prices offered and asked by several contributors via market flow software. A single price is retained for each useful market parameter.

Certain complex financial instruments and mainly single and multi-barrier underlying share structured products, generally made to measure, not very liquid and long-dated, are valued using models developed internally and valuation parameters such as long volatilities, correlations, estimations of dividends in part not observable on the active markets. When they are first entered into the accounts, these complex instruments are recorded in the balance sheet at the transaction price, which is considered as the best indication of the market value although the valuation produced by the models may be different. This difference between the negotiation price of the complex instrument and the value obtained using the internal model, generally a gain, is known as "Day one profit". The accounting laws prohibit the recognition of the margin made on products valued using models and parameters not observable on active markets. It is therefore deferred. When it concerns single underlying products without a barrier, the margin is spread over the lifespan of the instrument. For products including barrier options, in view of the specific risks relating to the management of these barriers, the margin is recognised on the maturity date of the structured product.

Reclassification of debt instruments

Fixed income securities or debt instruments classified in fair value by result may be reclassified in the following categories:

a. "Held to maturity", only in a few rare cases, in the case of change of intent, and if eligible under the conditions for classification in this category;

b. "Loans and receivables", in the case of change of intent, ability of holding within a foreseeable future or until term and if eligible under the conditions for classification in this category;

c. "Available for trading", only in a few rare cases.

Fixed income securities or debt securities available for trading may be reclassified in the following categories:

a. "Held to maturity", in the case of change of intent or ability, and under the condition that they be eligible under the conditions of this category;

b. "Loans and receivables", in the case of intent or ability of holding the financial asset in the foreseeable future or until the term and under the condition that they be eligible under the conditions of this category.

In the case of transfer, the fair value of the financial asset at the reclassification date becomes the new cost or depreciated cost. No loss or gain recognized before the date of transfer may be derecognized.

In the case of securities transferred from the "Available for trading" category to "Held to maturity"or "Loans and receivables" of debt instruments before the fixed term, the unrealized profit or loss in equity is depreciated for the remaining term of the asset. In the case of transfer of debt instruments that do not have a fixed term, to the "Loans and receivables" category, the differed unrealized profits and losses remain as equity until sale of securities.

Hedge accounting

The IAS 39 rule allows three forms of hedging relationship. The choice of the hedging relationship is made according to the nature of the risk covered. Fair value hedging allows the hedging of exposure to variations in the fair value of financial assets or liabilities, and it is used in particular to hedge rate risks on fixed-rate assets and liabilities as well as sight deposits within the framework of the possibilities opened up by the European Union. Cash flow hedging is used to cover exposure to variations in cash flow of financial assets or liabilities, direct underwriting or future transactions. It is used in particular to hedge rate risks on revisable rate assets and liabilities, including their renewal, and the exchange risk on future revenue highly probable in foreign currencies. Net investment hedging in foreign currencies is a special type of cash flow hedging.

The Group documents the relationship between the instrument hedged and the hedging instrument, as soon as the hedging relationship is set up. This documentation includes the management objectives of the hedging relationship, the nature of the risk covered, the underlying strategy, an identification of the hedging instrument and of the item covered, as well as the methods of measuring the effectiveness of the hedge.

The Group assesses that effectiveness when the hedging relationship is first set up then throughout its lifespan, at least at each closing date.

The ineffective part of the hedge is recognised in the profit and loss account under the item "Net income or losses on financial instruments at fair value through profit or loss".

Fair value hedging

The part corresponding to the rediscount of the derivative financial instruments is entered in the income statement under the item "Income from interest and interest charges – Hedging derivative instruments" symmetrically to the income from interest or interest charges relating to the item covered.

In the case of a fair value hedging relationship, the derivatives are valued at their fair value in compensation of the income statement under the item "Net income and losses on financial instruments at fair value through profit or loss" symmetrically to the re-evaluation of the risk of items covered in results. This rule also applies if the item covered is entered into the accounts at the depreciated cost or if it is a financial asset classified as an asset available-for-sale. If the hedging relationship is perfectly effective, the variation in the fair value of the hedging instrument compensates for that of the item covered.

The hedge must be considered as "highly effective" to be able to qualify for hedge accounting. The variation of the hedging instrument at fair value or in cash flow must practically compensate for the variation of the item covered at fair value or in cash flow. The ratio between these new variations must be situated in the range from 80% to 125%.

In the event of an interruption to the hedging relationship or the failure to meet the effectiveness criteria, hedge accounting ceases to be applied on a prospective basis. The hedging derivative instruments are transferred to transaction instruments and are entered into the accounts according to the principles applicable to that category. The value in the balance sheet of the item covered is no longer adjusted afterwards to reflect the variations in fair value, and the adjustments accumulated under the hedging treatment are depreciated over the residual life of the item hedged. If the items hedged are no longer included in the balance sheet as a result in particular of early reimbursement, the adjustments accumulated are immediately entered in the income statement.

Fair value hedging by portfolio of the interest rate risk

The modifications made by the European Union to the IAS 39 rule in October 2004 allow clientele sight deposits to be included in portfolios of fixed rate liabilities.

For each portfolio of assets or liabilities, the bank checks that there is no overhedging and this for each pillar and on each closing date.

The portfolio of liabilities has maturity dates set according to the selling off rules defined by the balance sheet management.

The fair value variations of the interest rate risk of portfolios of hedged instruments are recorded in a specific line in the balance sheet "Purchase price discrepancy of rate hedged portfolios" by compensation of the income statement.

Cash flow hedging

In the case of a cash flow hedging relationship, the gains or losses of the hedging instrument considered as effective are recorded in a specific line in the shareholders' equity, "Unrealised or deferred gains or losses on cash flow hedging", whereas the part considered as ineffective is recorded in the income statement under the item "Net income or losses on financial instruments at fair value through profit or loss".

The amounts recorded in shareholders' equity are entered again in the results under the item "Income from interest and interest charges" at the same pace as the flows of the item hedged affect the results. The items hedged continue to be accounted for in accordance with the rules specific to their accounting category.

In the event of an interruption to the hedging relationship or the failure to meet the effectiveness criteria, hedge accounting ceases to be applied. The total amounts entered in shareholders' equity under the revaluation of the hedging derivative are maintained in shareholders' equity until the transaction hedged itself affects the result or when it is determined that it will not be realised. These amounts are then transferred to the results.

Note 1.3.5 Debts represented by a security

Debts represented by a security (bank-issued medium-term notes, interbank market securities, debenture loans…), not classified at fair value through profit or loss on option, are entered into the accounts at their issue value, generally minus the transaction costs.

These debts are then valued at the depreciated cost according to the effective interest rate method.

Certain "structured" debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts as long as the separation criteria are met and they can be valued in a reliable way.

The host contract is eventually entered into the accounts at the depreciated cost. The determination of the fair value is based on the quoted market price or on valuation models.

Note 1.3.6 Subordinated debts

Subordinated debts, forward or undetermined duration, are separated from the other debts represented by a security, for their reimbursement in the event of the liquidation of the debtor is only possible after paying off the other creditors. These debts are valued at the depreciated cost.

Note 1.3.7 Distinction between debts and shareholders' equity

According to the IFRIC 2 interpretation, the members' shares are shareholders' equity if the entity has an unconditional right to refuse reimbursement or if there are legal or statutory provisions forbidding or strongly limiting such reimbursement. As a result of the existing legal and statutory provisions, the capital shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group are entered into the accounts as shareholders' equity.

The other financial instruments issued by the Group are qualified for accounting purposes as debt instruments as long as there is a contractual obligation for the Group to deliver funds to the holders of securities. This is the case in particular for all the subordinated securities issued by the Group.

Note 1.3.8 Provisions

Charges to and writebacks of provisions are classified by nature in the corresponding expense and income items. The provision is included in liabilities.

A provision is constituted when it is likely that an expenditure of resources representative of economic advantages will be necessary to extinguish an obligation born of a past event and when the amount of the obligation may be reliably estimated. The amount of this obligation is updated if necessary to determine the amount of the provision.

The provisions constituted by the Group cover in particular:

– operational risks;
– employee commitments;
– risks of non-execution of commitments;
– disputes and liability guarantees;
– tax risks;
– risks linked to home ownership savings.

Note 1.3.9 Debts on the clientele and on the credit institutions

These debts are fixed or determinable income financial liabilities. They are recognised at their market value when they are entered into the balance sheet, and are then valued at the following closing dates at the depreciated cost using the effective interest rate method, except for those that have been recognised at fair value on option.

◆ Regulated savings contracts

The CEL (home ownership savings account) and the PEL (home ownership savings plan) are French regulated products available to the clientele (physical persons). These products feature a remunerated savings phase that entitles the saver to a home loan in a second phase. They generate two types of commitments for the distributing establishment:

– a commitment to the future remuneration of the savings at a fixed rate (on the PEL only, as the rate of remuneration of CELs can be counted as variable rate, being periodically revised according to an indexation formula);
– a commitment to grant a loan to the customers who ask for one, at predetermined conditions (PEL and CEL).

These commitments have been estimated on the basis of behavioural statistics concerning the customers and market data. A provision is constituted in the balance sheet liabilities in order to cover the future charges relating to the potentially unfavourable conditions of these products, compared to the interest rates offered to the clientele of private individuals for products that are similar, but not regulated in terms of remuneration. This approach is conducted by homogeneous generation in terms of regulated PEL and CEL conditions. The impacts on the results are entered among the interest paid to the clientele.

Note 1.3.10 Cash and cash equivalents

Cash and cash equivalents including the cash accounts, deposits and demand loans with central banks and credit institutions.

Within the framework of the statement of cash flows, OPCVM collective investment funds are classified as an "operational" activity and are therefore not restated as cash.

Note 1.3.11 Employee benefits

Employee benefits are entered into the accounts according to the IAS 19 rule. Employee commitments are the subject, where appropriate, of a provision entered under the item "Contingency and loss provision". Its variation is entered in the income statement under the item "employee expenses".

Post-employment schemes with defined benefits

This refers to retirement, pre-retirement and complementary retirement schemes in which the Group retains a formal or implicit obligation to provide the benefits promised to the personnel.

The commitments are calculated according to the projected unit credit method, which consists of allocating the benefit entitlement to periods of service in application of the contractual formula for the calculation of the scheme's benefits, then updated on the basis of demographic and financial hypotheses such as:
– the discount rate determined by reference to the rate of long-term bonds of borrowings of companies of the first category at the end of the fiscal year;
– the rate of increase in salaries, measured according to age group, management/non-management categories and regional characteristics;
– inflation rates, estimated by comparison between the rate of the OAT (French treasury bond) and the OAT inflated for the different maturities;
– the rate of employee mobility, determined by age group, on the basis of the mean ratio over 3 years of the number of resignations and dismissals in relation to the number of employees on permanent contracts present at the end of the financial year;
– retirement age: the estimation is drawn up by individual on the basis of the effective starting date of working life and hypotheses relating to the Fillon law, with a maximum ceiling at 65 years;
– the mortality rate according to INSEE table TH/TF 00-02.

The differences generated by the changes in these hypotheses and by the differences between the previous hypotheses and realisations constitute actuarial gains/losses. When the scheme has assets, these are valued at fair value and impact the result for their expected yield. The difference between the actual yield and the expected yield also constitutes an actuarial gain/loss.

The Group has opted for the immediate recognition of actuarial gains/losses in the income statement for the financial year in the form of provisions, without spreading over the residual period of activity of the employees. Reductions and winding up of schemes generate a variation in the commitment, which is entered into the income statement for the financial year.

Complementary pension plans depending on pension funds

The AFB interim agreement dated September 13th, 1993 modified the retirement schemes of banking institutions. Since January 1st, 1994, the banks have been members of the Arrco and Agirc national funds.The four pension funds of which, according to the case, the banks in the Group are members have been merged. They ensure the payment of the different charges provided for in the interim agreement out of their reserves, which are topped up if necessary by additional annual contributions paid by the banks concerned and whose average rate over the next ten years is limited to 4% of payroll. The pension fund resulting from the mergers was changed to IGRS in 2009. It does not suffer from insufficient assets.

Other post-employment benefits with defined benefits

Long-service benefits paid on retirement and the pension supplements, including the special schemes, are provisioned. They are assessed on the basis of vested rights for all employees still working, according in particular to the staff turnover rate of the personnel specific to the consolidated entities and the estimated future salary that the beneficiary will have when he retires, increased where applicable by the social contributions. The long-service benefits paid on retirement by the Group's banks in France are covered for at least 60% by an insurance policy with ACM Vie, the Crédit Mutuel Group's insurance company and consolidated by global integration.

Post-employment benefits with defined contributions

The entities in the Group contribute to various pension schemes run by organisations independent of the Group, for which they retain no formal or implicit obligation to make supplementary payments, in particular if it is discovered that the funds' assets are not sufficient to meet its commitments.

As these schemes do not represent commitments for the Group, they are therefore not the subject of a provision. The charges are entered into the accounts in the financial year during which the contribution must be paid.

Long-term benefits

These are benefits due, other than the post-employment ones and end-of-contract payments, payable more than twelve months after the end of the financial year during which the personnel rendered the corresponding services, such as for example work medals, time savings accounts…

The Group's commitment to other long-term benefits is calculated according to the projected unit credit method. However, the actuarial gains/losses are immediately recognised in the results for the period, as the corridor method is not authorised.

Commitments to work medals are sometimes covered by insurance contracts. Only the non-covered part of this commitment may be the subject of a provision.

Additional pensions of employees

The employees of the CM5 and CIC Group are covered by the additional pension scheme of ACM Vie SA to supplement their mandatory retirement funds.

The employees of the CM5 Group benefit from two additional schemes, one with definite contributions and one with definite benefits. Entitlements to definite contributions are valid even if the employee leaves the company, unlike entitlements under the definite benefits scheme, which are only valid if they leave the company to go into retirement. The total commitment was 634 million euros on December 31st, 2009, covered by 626 million euros as special technical provisions and 27 million euros as mathematical provisions of agreements with definite benefits entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

For their part, the employees of the CIC Group have additional retirement cover with definite contributions from ACM Vie SA, in addition to their mandatory retirement schemes. The total commitment was 223 million euros on December 31st, 2009, covered by 238 million euros as special technical provisions entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

End-of-contract payments

These payments result from the benefit granted by the Group when a contract of employment is terminated before the normal retirement age or following an employee's decision to leave voluntarily in exchange for an indemnity. These provisions are discounted as soon as their payment is expected to be more than twelve months after the closing date.

Short-term benefits

These are benefits payable within twelve months of the end of the financial year other than end-of-contract payments, such as salaries, social security contributions and certain bonuses.

A charge is entered under these short-term benefits for the financial year during which the services giving rise to these benefits have been rendered to the company.

Note 1.3.12 Insurance activities

The accounting principles and the valuation rules specific to the assets and liabilities generated by the issuing of insurance policies, including reinsurance contracts issued or subscribed, and financial contracts containing a discretionary profit-sharing clause (which grants the subscribers of contracts the right to receive, on top of the guaranteed remuneration, a portion of the financial results realised) are drawn up in accordance with the IFRS 4 rule.

The other assets held and liabilities issued by the insurance companies consolidated by global integration follow the rules common to all the Group's assets and liabilities. The financial assets representing the technical provisions related to unit-linked contracts are thus presented under "Financial assets at fair value through profit or loss" and the corresponding assets and liabilities valued on the closing date at the realisation value of the reference medium.

Furthermore, the contracts subject to IFRS 4 continue to be entered into the accounts and consolidated as in the French standards and are valued and entered into the accounts according to the same rules with the exception of a few limited restatements, in particular those relating to the elimination of regulatory equalisation provisions and to the accounting of deferred profit-sharing in accordance with the principles of the French regulation applied to the differences in the valuation of the assets. These are mainly provisions for deferred profit-sharing relating to unrealised capital gains and losses entered into the accounts on the assets side according to IAS 39 (which corresponds, according to IFRS 4, to the application of "shadow accounting": in order to reflect the share of these unrealised capital gains and losses, "the discretionary profit-sharing element", entirely in the provisions and not in shareholders' equity). These provisions for deferred profit-sharing are presented in the liabilities or assets, by legal entity with no compensation between entities within the consolidation. In the assets, they form a distinct item.

Apart from the various provisions charged and written back in the liabilities, the other transactions generated by these contracts are valued and entered into the accounts according to the same rules. This concerns in particular contract acquisition costs, receivables and debts arising out of contracts, advances on policies and recourse and subrogations resulting from insurance and reinsurance contracts.

At the closing date, a liability sufficiency test accounted for in these contracts (net of other related assets or liabilities such as acquisition costs carried forward and the portfolio securities acquired) is carried out: it checks that the liabilities entered into the accounts are sufficient to cover the future cash flows estimated at this date. Any insufficiency of the technical provisions is recognised in the results of the period (and will be written back at a later date if necessary).

The tax-free capitalisation reserve constituted in the individual accounts of the French companies as a result of the sale of amortisable transferable securities, with the aim of deferring a part of the net capital gains earned in order to maintain the actuarial yield of the portfolio constituted to represent the contractual commitments, is cancelled in the consolidated accounts. The movements of the financial year affecting this reserve, recognised by the result in the individual accounts, are cancelled in the consolidated income statement. In application of IAS 12 a deferred tax liability was recognised relating to the effective reclassification as shareholders' equity of the capitalisation reserve. On the other hand, where there is a high likelihood of allocation to the insurees, in particular to take account of insurees' rights under some of the Group's entities' insurance portfolios, deferred profit-sharing is entered into the accounts following the restatement of the capitalisation reserve.

Note 1.3.13 Fixed assets

The fixed assets entered in the balance sheet include the tangible and intangible operating fixed assets as well as investment property. The operating fixed assets are used for the purposes of production of services or for administrative purposes. Investment property is immovable property held for rent and/or to increase the capital invested. It is recorded in the same way as the business premises, according to the historical cost method.

Fixed assets are entered into the accounts at their acquisition cost plus any expenses directly relevant and necessary to their return to working order in view of their use. The borrowing costs incurred during the construction or the adaptation of the immovable property are not activated.

After initial entry, the fixed assets are valued according to the historical cost method, that is to say at their cost minus the total depreciation and any losses in value.

When a fixed asset consists of several components that could be subject to replacement at regular intervals, as they have different uses or produce economic benefits at a different pace, each item is entered into the accounts separately from the outset, and each of the components is depreciated according to its own depreciation plan. The components-based approach has been chosen for the business premises and investment property.

The amortisable amount of a fixed asset is determined after deduction of its residual value net of the removal costs. The useful life of fixed asset generally being equal to the expected economic life of the asset, no residual value is recognised.

Fixed assets are depreciated over the expected useful life of the asset for the company according to its own estimated rate of consumption of the economic benefits. As intangible fixed assets have an undetermined useful life, they are not depreciated.

The depreciation provision concerning the operating fixed assets is entered into the accounts under the item "Depreciation provisions/writebacks and provisions of operating fixed assets" in the income statement.

The depreciation provisions concerning investment property are entered into the accounts under the item "Charges for other activities" in the income statement.

The ranges of depreciation periods used are:

Tangible fixed assets:

– Land, utilities, networks:	15-30 years
– Constructions-shell and structure: (depending on the type of property concerned)	20-80 years
– Constructions-fittings:	10-40 years
– Fittings and installations:	5-15 years
– Furnishings and office equipment:	5-10 years
– Safety equipment:	3-10 years
– Vehicles:	3-5 years
– IT equipment:	3-5 years

Intangible fixed assets:

– Software acquired or created in-house:	1-10 years
– Goodwill acquired:	9-10 years

(if acquisition of a portfolio of clientele contracts).

Amortisable fixed assets are subject to depreciation tests when the closing dates for the loss of value indices are identified. Non-amortisable fixed assets (such as leases) are subject to a depreciation test once a year.

If there is such a depreciation index, the recoverable value of the asset is compared to its net book value. If there is a loss of value, a depreciation is recognised in the income statement; it modifies the amortisable base of the asset prospectively. The depreciation is written back if there is any change to the estimation of the recoverable value or disappearance of the depreciation indices. The net book value after writeback of the loss of value may not be higher than the net book value which would have been calculated if no loss of value had been entered.

Depreciation concerning the operating fixed assets is entered into the accounts under the item "Provisions/writebacks of provisions for depreciation of operating fixed assets" in the income statement.

Depreciation concerning the investment property are entered into the accounts under the item "Charges for other activities" (for the provisions) and "Income from other activities" (for the writebacks) in the income statement.

The capital gains and losses on the sale of operating fixed assets are recorded in the income statement on the line "Net income or losses on other assets".

The capital gains and losses from the sale of investment property are recorded in the income statement on the line "Income from other activities" or "Charges for other activities".

Note 1.3.14 Tax on profit or loss

The taxes on the profit or loss include all the taxes based on the profit or loss, payable or deferred.

The tax liability on the profits or losses is calculated according to the tax regulations in force.

◆ Deferred tax

In application of IAS 12, deferred taxes are recognised on the temporary differences between the tax value and the book value of the items in the consolidated balance sheet, with the exception of goodwill.

Deferred tax is calculated according to the variable carryover method with reference to the rate of corporation tax known at the end of the financial year, and applicable during the following financial years.

Assets net of the deferred tax liability are recognised when their likelihood of use is high. The tax payable or deferred is entered into the accounts as income or an expense, with the exception of those relating to unrealised or deferred income or losses entered as shareholders' equity, for which the deferred tax is allocated directly to this item.

Deferred tax assets or liabilities are compensated for when they have their origin in the same entity or tax group, depend on the same tax authority, and when there is a legal right of compensation.

Deferred tax is not the subject of discounting.

Note 1.3.15 Interest covered by the State on certain loans

As part of measures to aid the agricultural and rural sector, as well as home acquisition, certain entities in the Group grant loans at reduced rates fixed by the government. Consequently, these entities receive from the government a bonus equal to the rate differential that exists between the rate granted to the clientele and a predefined reference rate. As a result, no loss of value is recognised on the loans benefiting from these bonuses.

The arrangements concerning this compensation mechanism are regularly re-examined by the government.

The bonuses received from the state are recorded under the item "Interest and related income" and spread over the duration of the corresponding loans, in accordance with IAS 20.

Note 1.3.16 Financial guarantees and financing commitments

Financial guarantees are assimilated with an insurance policy when they provide for specific payments to be made to reimburse its holder for a loss that he has incurred as a result of the default of a debtor specified to make a payment on a due date under the terms of a debt instrument.

In accordance with IFRS 4, these financial guarantees continue to be valued according to the French standards, namely off balance sheet, until a complement to the standard comes into effect to complete the current system. Consequently, these guarantees are the subject of a provision in the liabilities in the event of a probable expenditure of resources.

On the other hand, financial guarantee contracts which provide for payments in response to thevariations of a financial variable (price, rating or credit index…) or of a non-financial variable, as long as in this case the variable is not specific to one of the parties to the contract, enter into the scope of application of IAS 39. These guarantees are then dealt with like derivative instruments.

Financing commitments that are not considered as derivative instruments in the sense of IAS 39 do not feature in the balance sheet. They are, however, the subject of provisions in accordance with the provisions of IAS 37.

Note 1.3.17 Operations in foreign currencies

Assets and liabilities made out in a currency other than the local currency are converted at the exchange rate on the closing date.

Monetary financial assets or liabilities

Exchange gains or losses arising out of these conversions can be entered into the income statement under the item "Net income or losses on portfolio at fair value through profit or loss".

Non-monetary financial assets or liabilities

Exchange gains or losses arising out of these conversions can be entered into the income statement under the item "Net income or losses on portfolio at fair value through profit or loss" if the item is classed at fair value through profit or loss or among the unrealised or deferred gains or losses when they are available-for-sale financial assets.

When consolidated securities in foreign currencies are financed by a loan in the same currency, the latter with be the subject of cash flow hedging.

The difference between the capital, reserves and balance brought forward is entered in the conversion reserve account in equity. The profit and loss account is converted on the basis of the average price of the fiscal year. The resulting conversion differences are entered directly in the conversion reserve account. That conversion reserve is reinstated in the profit if any part of the holding in the foreign entity is liquidated or sold.

Note 1.3.18 Non-current assets intended to be sold and activities abandoned

A non-current asset (or group of assets) meets the criteria of definition of assets intended for sale if it available for sale and if its sale is highly likely and will take place within the next twelve months.

Related assets and liabilities are presented on two separate lines on the balance sheet under the items "Non-current assets intended to be sold" and "Debts relating to non-current assets intended to be sold". They are entered into the accounts at the lowest of either their book value or their fair value minus the transfer costs and are no linger depreciated.

When a loss in value is observed on this type of asset and liability, a depreciation is recorded in the result.

Activities are considered as abandoned when they are activities intended to be sold, activities that have been stopped and subsidiaries which were acquired only with a view to being sold. They are presented on a separate line in the statement under the item "Net tax income and losses on abandoned activities".

Note 1.3.19 Judgements and estimates used for drawing up the financial reports

The preparation of financial reports may require the use of assumptions and estimates that have an impact on income and expenses, assets and liabilities in the balance sheet and in the exhibits.

In this case, the administrators, based on their judgement and their experience, use information available at the date that the financial reports are produced to make the necessary assumptions. It is particularly the case for:

– depreciation of debt instruments and capital instruments,
– calculation models for measuring financial instruments that are not rated on a listed market and classified in "Available for trade" or in "Fair value by result",
– evaluation of market activity,
– measurement of the fair value of financial instruments that are not rated on a listed market and classified in "Loans and receivables" or "Held to maturity" and reporting this information in the exhibits of the financial report,
– depreciation tests on intangible assets,
– determining provisions, particularly for pension schemes and other future benefits.

Note 1.3.20 Standards and interpretations adopted by the European Union not yet applied

Standards IAS / IFRS	Name of the standard	Date of application	Consequences of application
IAS 27	Consolidated financial statements and accounting of holdings in subsidiaries	Required application as of January 1st, 2010	Impact already anticipated in respect of the provisions relating to variations in holdings that do not constitute a loss of control
IFRS 3R	Grouping of companies	Required application as of January 1st, 2010	No impact on the opening balance sheet
IAS 39	Financial instruments: accounting and valuation, amendment relating to items eligible for hedge	Required application as of January 1st, 2010	Impact not significant
IFRIC 12	Service concession agreements	Required application as of January 1st, 2010	Not applicable
IFRIC 15	Property construction agreements	Required application as of January 1st, 2010	Not applicable
IFRIC 16	Hedges for net investment in overseas business	Required application as of January 1st, 2010	Not significant
IFRIC 17	Distribution of non-monetary assets to owners	Required application as of January 1st, 2010	Not applicable
IFRIC 18	Transfer of assets from customers	Required application as of January 1st, 2010	Not applicable

Information on the balance sheet and income statement items (in millions of euros)

Note 2 Breakdown of the balance sheet and income statement by activities and geographical zones

The activities are as follows:

– The retail bank includes the branches of Crédit Mutuel CM5, the regional banks of the CIC, Targobank in Germany as well as the all the specialised activities in which the network is involved: real estate leasing, factoring, collective management, employee savings schemes, property. The activity of Cofidis from March 2009 is also added to it.

– The insurance business consists of the Assurances du Crédit Mutuel Group.

– The financing and market activities cover:

a. the financing of large companies and institutional clients, specialised financing, the international market and foreign subsidiaries;

b. the market activities in the wider sens, that is the activities cocerning interest and exchange rates and shares, whether they are exercised on behalf of the clientele or for own account, including stock market intermediation.

– The private banking activities include the companies whose main activities it is, both in France and abroad.

– A development capital activity exercised for own account and financial engineering constitute one sector of the business.

– The holding structure includes elements that cannot be assigned to another activity (holding) as well as the logistics structures: the intermediate holdings, the operating property lodged in specific entities and the IT entities.

The consolidated entities are allocated fully to their main activity on the basis of their contribution to the consolidated accounts. Only two entities form an exception, the CIC and the BFCM due to their presence in several activities. In this case, the company accounts have been subjected to an analytical breakdown. The balance sheet is broken down in the same way.

Breakdown of the balance sheet by activitie

Assets 2009

	Retail bank	Insurance
Cash, Central banks, Post office banks – Assets	3,115	0
Financial assets at fair value through profit and loss	152	12,885
Derivative hedging instruments – Asset	1,085	50
Available-for-sale financial instruments	840	42,448
Loans and receivables on credit institutions	21,785	11
Loans and receivables on clientele	194,659	261
Financial assets held until maturity	63	7,509
Holdings in associated companies	267	262

Liabilities 2009

	Retail bank	Insurance
Central banks, Post office banks – Liabilities	0	0
PFinancial liabilities at fair value through profit and loss	78	1
Derivative hedging instruments – Liabilities	2,223	0
Debts to credit institutions	0	0
Debts to clientele	117,674	48
Debts represented by a security	20,251	0

Assets 2008

	Retail bank	Insurance
Cash, Central banks, Post office banks – Assets	4,099	0
Financial assets at fair value through profit and loss	192	13,655
Derivative hedging instruments – Asset	3,944	51
Available-for-sale financial instruments	1,131	37,685
Loans and receivables on credit institutions	24,905	0
Loans and receivables on clientele	182,697	392
Financial assets held until maturity	140	6,960
Holdings in associated companies	119	223

Liabilities 2008

	Retail bank	Insurance
Central banks, Post office banks – Liabilities	0	0
Financial liabilities at fair value through profit and loss	104	2,195
Derivative hedging instruments – Liabilities	5,778	0
Debts to credit institutions	10,319	0
Debts to clientele	106,407	82
Debts represented by a security	22,600	0

Financing and markets	Private bank	Development capital	Structure and holding	Total
4,150	679	0	1,241	9,185
37,738	111	1,682	396	52,963
153	18	0	407	1,713
24,733	5,681	1	2,020	75,723
11,374	5,395	1	104	38,668
17,728	4,760	0	609	218,017
1,522	6	0	(0)	9,101
0	1	0	(14)	517

Financing and markets	Private bank	Development capital	Structure and holding	Total
0	1 265	0	0	1,265
47,627	94	0	42	47,841
2,004	446	0	96	4,769
40,143	398	0	0	40,542
6,268	13,472	0	12,278	149,740
64,429	50	0	2,611	87,341

Financing and markets	Private bank	Development capital	Structure and holding	Total
7,909	747	0	3,712	16,467
38,592	185	1,692	3,491	57,807
352	54	0	122	4,523
19,201	6,106	2	7,598	71,723
5,553	6,357	3	5,060	41,877
21,630	4,045	0	781	209,545
308	22	0	2,695	10,125
0	1	0	0	343

Financing and markets	Private bank	Development capital	Structure and holding	Total
0	2,319	0	0	2,319
41,971	135	0	3,209	47,614
1,829	382	0	(86)	7,903
47,097	383	(0)	31	57,829
4,785	14,156	0	2,660	128,089
76,136	75	0	2,039	100,850

Breakdown of the income statement by activities

December 31st, 2009

	Retail bank	Insurance	Financing and markets
Net banking income	7,691	956	1,532
Overheads	- 4,712	- 364	- 271
Gross operating income	2,980	593	1,262
Cost of risk	- 1,538	0	- 379
Income from other assets[1]	22	21	0
Pre-tax profit or loss	1,464	614	882
Corporation tax	- 497	- 165	- 273
Net accounting profit or loss	967	448	610
Minority interests			
Net profit or loss Group share			

December 31st, 2008 pro-forma

	Retail bank	Insurance	Financing and markets
Net banking income	4,818	781	26
Overheads	- 3,242	- 313	- 239
Gross operating income	1,576	468	- 214
Cost of risk	- 421	0	- 530
Income from other assets[1]	12	17	0
Pre-tax profit or loss	1,167	485	- 744
Corporation tax	- 358	- 95	268
Net accounting profit or loss	809	390	- 476
Minority interests			
Net profit or loss Group share			

December 31st, 2008 published

	Retail bank	Insurance	Financing and markets
Net banking income	4,752	781	26
Overheads	- 3,250	- 313	- 239
Gross operating income	1,503	468	- 214
Cost of risk	- 421	0	- 530
Income from other assets[1]	12	17	0
Pre-tax profit or loss	1,094	485	- 744
Corporation tax	- 334	- 95	268
Net accounting profit or loss	760	390	- 476
Minority interests			
Net profit or loss Group share			

1. Including net profit/loss of associated entities and losses in value on goodwill.

Private bank	Development capital	Structure and holding	Inter activities	Total
397	49	190	- 694	10,122
- 303	- 28	- 965	694	- 5,949
94	21	- 775		4,174
1	0	- 71		- 1,987
0	0	- 126		- 83
95	21	- 972		2,103
- 24	- 1	293		- 668
70	20	- 680		1,435
				241
				1,194

Private bank	Development capital	Structure and holding	Inter activities	Total
427	112	1	- 439	5,726
- 272	- 38	- 652	439	- 4,317
156	73	- 651		1,409
- 108	1	- 6		- 1,064
0	0	8		37
47	74	- 649		381
- 5	2	316		127
42	77	- 333		509
				155
				353

Private bank	Development capital	Structure and holding	Inter activities	Total
427	112	66	- 439	5,726
- 272	- 38	- 644	439	- 4,317
156	73	- 578		1,409
- 108	1	- 6		- 1,064
0	0	8		37
47	74	- 576		381
- 5	2	291		127
42	77	- 285		509
				155
				353

Breakdown of the balance sheet by geographical zones

Assets

	December 31st, 2009		
	France	Europe outside France	Other countries[1]
Cash, Central banks, Post office banks – Assets	5,850	2,280	1,055
Financial assets at fair value through profit and loss	52,301	285	377
Derivative hedging instruments – Assets	1,679	32	3
Available-for-sale financial instruments	68,531	6,306	886
Loans and receivables on credit institutions	30,201	5,509	2,959
Loans and receivables on clientele	194,568	20,572	2,877
Financial assets held until maturity	9,096	6	0
Holdings in associated companies	94	163	260

Liabilities

	December 31st, 2009		
	France	Europe outside France	Other countries[1]
Central banks, Post office banks – Liabilities	0	1,265	0
Financial liabilities at fair value through profit and loss	43,440	4,205	195
Derivative hedging instruments – Liabilities	4,299	465	4
Debts to credit institutions	38,461	0	2,081
Debts to clientele	125,742	23,136	862
Debts represented by a security	70,877	11,413	5,051

Breakdown of the income statement by geographical zones

	December 31st, 2009		
	France	Europe outside France	Other countries[1]
Net banking income	7,882	1,926	314
Overheads	- 4,650	- 1,231	- 68
Gross operating income	**3,232**	**695**	**246**
Cost of risk	- 946	- 766	- 274
Income from other assets[2]	- 112	- 0	29
Pre-tax profit or loss	**2,173**	**- 71**	**1**
Overall net profit or loss	1,494	- 30	- 29
Net profit or loss Group share	**1,242**	**- 20**	**- 28**

1. USA, Singapore, Tunisia and Morocco.

2. Including net profit/loss of associated entities and losses in value on goodwill.

Total	December 31st, 2008 France	Europe outside France	Other countries[1]	Total
9,185	14,799	1,601	68	16,467
52,963	56,873	377	558	57,807
1,713	4,442	81	0	4,523
75,723	63,024	7,144	1,555	71,723
38,668	33,204	6,430	2,243	41,877
218,017	187,856	18,592	3,097	209,545
9,101	9,896	229	0	10,125
517	94	1	248	343

Total	December 31st, 2008 France	Europe outside France	Other countries[1]	Total
1,265	0	2,319	0	2,319
47,841	42,863	4,392	358	47,614
4,769	7,505	388	11	7,903
40,542	53,522	0	4,306	57,828
149,740	104,946	22,589	553	128,089
87,341	89,454	8,721	2,676	100,850

Total	December 31st, 2008 France	Europe outside France	Other countries[1]	Total
10,122	5,371	533	- 178	5,726
- 5,949	- 3,967	- 302	- 48	- 4,317
4,174	1,404	231	- 227	1,409
- 1,987	- 799	- 215	- 51	- 1,064
- 83	14	0	23	37
2,103	619	17	- 254	382
1,435	628	23	- 143	509
1,194	457	20	- 124	353

Note 3 Composition of the scope of consolidation

In accordance with the opinion of the Banking Commission, the parent company of the Group consists of the companies included in the scope of the consolidation. The entities that make it up are:
– the Fédération du Crédit Mutuel Centre Est Europe (FCMCEE),
– the Fédération du Crédit Mutuel du Sud-Est (FCMSE),
– the Fédération du Crédit Mutuel d'Ile-de-France (FCMIDF),
– the Fédération du Crédit Mutuel de Savoie-Mont Blanc (FCMSMB),
– the Fédération du Crédit Mutuel Midi-Atlantique (FCMMA),
– the Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE),
– the Caisse Régionale du Crédit Mutuel Sud-Est (CRCMSE),
– the Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF),
– the Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CRCMSMB),
– the Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA),
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel Centre Est Europe,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel Sud-Est,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel Ile-de-France,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel de Savoie-Mont Blanc,
– the Caisses de Crédit Mutuel adhérentes of the Fédération du Crédit Mutuel Midi-Atlantique,
– the Cautionnement Mutuel de l'Habitat (CMH).

	December 31st, 2009			December 31st, 2008		
	% Control	% Interest	Method[1]	% Control	% Interest	Method[1]
Banking network						
Banque de l'Economie du Commerce et de la Monétique	99	94	IG	98	94	IG
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	96	IG	99	95	IG
CIC Banque CIO-BRO	100	89	IG	99	88	IG
CIC Banque Scalbert Dupont-CIN	100	89	IG	99	88	IG
Caisse Agricole du Crédit Mutuel	100	100	IG	100	100	IG
Crédit Industriel et Commercial (CIC)	92	89	IG	92	88	IG
CIC Est (ex-Société Nancéienne Varin Bernier)	100	89	IG	99	88	IG
CIC Iberbanco (ex-Banco Popular France)	100	96	IG	100	95	IG
CIC Lyonnaise de Banque (LB)	100	89	IG	99	88	IG
CIC Société Bordelaise (SBCIC)	100	89	IG	99	88	IG
Targobank AG & Co. KGaA (ex-Citibank Privatkunden AG & Co. KGaA)	100	96	IG	100	95	IG
Subsidiaries of the banking network						
Banque de Tunisie	20	19	ME	20	19	ME
Banca Popolare di Milano	5	4	ME			NC
Caisse Centrale du Crédit Mutuel	26	26	ME	23	23	ME
CM-CIC Asset Management (ex-Crédit Mutuel Finance)	84	80	IG	82	79	IG
CM-CIC Bail (ex-Bail Equipement)	100	88	IG	99	88	IG
CM-CIC Covered Bonds	100	96	IG	100	95	IG
CM-CIC Epargne salariale (ex-CIC Epargne salariale)	100	89	IG	99	88	IG
CM-CIC Gestion	100	89	IG	99	88	IG
CM-CIC Laviolette Financement	100	89	IG	99	88	IG
CM-CIC Lease	100	92	IG	99	91	IG
CM-CIC Leasing Belgium (ex-CM-CIC Bail Belgium)	100	88	IG	100	88	IG
CM-CIC Leasing GmbH	100	88	IG			NC
Cofidis Argentine	66	22	IG			NC
Cofidis Belgique	100	33	IG			NC
Cofidis Espagne	100	33	IG			NC

	December 31st, 2009			December 31st, 2008		
	% Control	% Interest	Method[1]	% Control	% Interest	Method[1]
Cofidis France	100	33	IG			NC
Cofidis Italie	100	33	IG			NC
Cofidis République tchèque	100	33	IG			NC
Cofidis Roumanie	100	33	IG			NC
Cofidis Slovaquie	100	33	IG			NC
Creatis	100	33	IG			NC
Crefidis	100	33	IG			NC
C2C	100	33	IG			NC
Factocic	51	49	IG	50	48	IG
FCT CM-CIC Home loans	100	96	IG			NC
Monabanq	66	22	IG			NC
Saint-Pierre SNC	100	89	IG	100	88	IG
SCI La Tréflière	100	98	IG	100	97	IG
Sofim	100	89	IG	99	88	IG
SOFEMO – Société Fédérative Européenne de Monétique et de Financement	100	93	IG	99	93	IG
Targo Dienstleistungs GmbH (Citicorp Dienstleistungs GmbH)	100	96	IG	100	95	IG
Targo Finanzberatung GmbH (ex-Citi Finanzberatung GmbH)	100	96	IG	100	95	IG
Financing and market operations banks						
Banque Fédérative du Crédit Mutuel	96	96	IG	95	95	IG
Cigogne Management	100	92	IG	100	91	IG
CM-CIC Securities	100	89	IG	99	88	IG
Ventadour Investissement	100	96	IG	99	95	IG
Private banks						
Agefor SA Genève	70	62	IG	70	62	IG
Alternative gestion SA Genève	45	55	ME	45	55	ME
Banque de Luxembourg	100	91	IG	100	90	IG
Banque Pasche (Liechtenstein) AG	53	47	IG	53	47	IG
Banque Pasche Monaco SAM	100	89	IG	100	88	IG
Banque Transatlantique	100	89	IG	99	88	IG
Banque Transatlantique Belgium	100	87	IG	100	86	IG
Banque Transatlantique Jersey			NC	100	88	IG
Banque Transatlantique Luxembourg (ex-Mutual Bank Luxembourg)	90	85	IG	90	84	IG
BLC gestion	100	89	IG	99	88	IG
Calypso Management Company	70	62	IG	70	62	IG
CIC Private Banking - Banque Pasche	100	89	IG	99	88	IG
CIC Suisse (ex-Banque CIAL Suisse)	100	89	IG	100	88	IG
Dubly-Douilhet	63	56	IG	62	55	IG
Elite Opportunities (Liechtenstein) AG			NC	100	88	IG
GPK Finance	89	79	IG	87	77	IG
LRM Advisory SA	70	62	IG	70	62	IG
Pasche Bank & Trust Ltd Nassau	100	89	IG	100	88	IG
Pasche Finance SA Fribourg	100	89	IG	100	88	IG
Pasche Fund Management Ltd	100	89	IG	100	88	IG
Pasche International Holding Ltd	100	89	IG	100	88	IG
Pasche SA Montevideo	100	89	IG	100	88	IG
Serficom Family Office Inc	100	89	IG	100	88	IG
Serficom Family Office Ltda Rio	52	46	IG	51	45	IG
Serficom Family Office SA	100	89	IG	100	88	IG
Serficom Investment Consulting (Shanghaï)	100	89	IG	100	88	IG
Serficom Maroc SARL	100	89	IG	100	88	IG
Transatlantique Finance	100	89	IG	99	88	IG
Valeroso Management Ltd	45	55	ME	45	55	ME

	December 31st, 2009			December 31st, 2008		
	% Control	% Interest	Method[1]	% Control	% Interest	Method[1]
Development capital						
CIC Banque de Vizille	98	87	IG	97	86	IG
CIC Finance	100	89	IG	99	88	IG
CIC Investissement (ex-CIC Capital Développement)	100	89	IG	99	88	IG
CIC Investissement Alsace (ex-Finances et Stratégies)	100	89	IG	100	88	IG
CIC Investissement Est (ex-SNVB Participations)	100	89	IG	100	88	IG
CIC Investissement Nord (ex-CIC Régions Expansion)	100	89	IG	100	88	IG
CIC Vizille Participation (ex-CIC Lyonnaise de Participations)	100	88	IG	100	87	IG
Financière Voltaire	100	89	IG	80	70	IG
Institut de Participations de l'Ouest (IPO)	100	89	IG	80	70	IG
IPO Ingénierie	100	89	IG	80	70	IG
Sudinnova	57	50	IG	50	43	IG
Vizille Capital Finance	100	87	IG	99	86	IG
Vizille Capital Innovation	100	87	IG	100	86	IG
Structure and logistics						
Adepi	100	89	IG	100	88	IG
Carmen Holding Investissement	67	64	IG			NC
CIC Migrations	100	89	IG	100	88	IG
CIC Participations	100	89	IG	99	88	IG
Cicor	100	89	IG	100	88	IG
Cicoval	100	89	IG	100	88	IG
CM Akquisitions	100	96	IG	100	95	IG
CM-CIC Services	100	100	IG	100	100	IG
CMCP – Crédit Mutuel Cartes de Paiement	50	49	IG	50	48	IG
Cofidis Participations	51	33	IG			NC
Est Bourgogne Rhône-Alpes (EBRA)	100	96	IG			NC
Efsa	100	89	IG	100	88	IG
Euro-Information	73	71	IG	75	73	IG
Euro-Information Développement	100	71	IG	99	73	IG
EIP (ex - GTOCM)	100	100	IG	100	100	IG
Gesteurop	100	89	IG	100	88	IG
Gestunion 2	100	89	IG	100	88	IG
Gestunion 3	100	89	IG	100	88	IG
Gestunion 4	100	89	IG	100	88	IG
Impex Finance	100	89	IG	100	88	IG
Marsovalor	100	89	IG	100	88	IG
NRJ Mobile	90	64	IG	90	65	IG
Pargestion 2	100	89	IG	100	88	IG
Pargestion 3			NC	100	88	IG
Pargestion 4	100	89	IG	100	88	IG
Pargestion 5			NC	100	88	IG
Placinvest	100	89	IG	99	88	IG
Sofiholding 2	100	89	IG	100	88	IG
Sofiholding 3	100	89	IG	100	88	IG
Sofiholding 4	100	89	IG	100	88	IG
Sofinaction	100	89	IG	100	88	IG
Targo Akademie (ex-Citicorp Akademie GmbH)	100	96	IG	100	95	IG
Targo Deutschland GmbH (ex-Citicorp Deutschland GmbH)	100	96	IG	100	95	IG
Targo IT Consulting GmbH (ex-Citigroup IT Consulting GmbH)	100	96	IG	100	95	IG
Targo Management AG (ex-Citicorp Management AG)	100	96	IG	100	95	IG
Targo Realty Services GmbH (ex-Citigroup Realty Services GmbH)	100	96	IG	100	95	IG
Ufigestion 2	100	89	IG	100	88	IG
Ufigestion 3			NC	100	88	IG
Ugépar Service	100	89	IG	100	88	IG
Valimar 2	100	89	IG	100	88	IG

	December 31st, 2009			December 31st, 2008		
	% Control	% Interest	Method[1]	% Control	% Interest	Method[1]
Valimar 4	100	89	IG	100	88	IG
VTP 1	100	89	IG	99	88	IG
VTP 5	100	89	IG	100	88	IG
Insurance companies						
ACM IARD	96	70	IG	96	67	IG
ACM Nord IARD	49	35	ME	49	34	ME
ACM Vie	100	72	IG	100	70	IG
ACM Vie, Société d'Assurance Mutuelle	100	100	IG	100	100	IG
Astree	30	22	ME	30	21	ME
Euro Protection Services	100	72	IG	100	70	IG
Groupe des Assurances du Crédit Mutuel (GACM)	100	72	IG	75	70	IG
ICM Life	100	70	IG	100	70	IG
ICM Ré	100	72	IG	100	67	IG
Immobilière ACM	100	100	IG	100	70	IG
MTRL	100	72	IG	100	100	IG
Partners	100	72	IG	100	70	IG
Procourtage	100	72	IG	100	70	IG
RMA Watanya	20	14	ME	20	14	ME
Serenis Assurances (ex-Assurances du Sud)	100	72	IG	100	70	IG
Serenis Vie (ex-Télévie)	100	72	IG	100	70	IG
Royal Automobile Club de Catalogne	49	35	ME			NC
Other companies						
ACM GIE	100	72	IG	100	70	IG
ACM Services	100	72	IG	100	70	IG
Agence Générale d'informations régionales	100	96	IG			NC
Darcy presse	100	95	IG			NC
Documents AP	100	96	IG			NC
Groupe Le Progrès	100	96	IG			NC
Immocity	100	96	IG			NC
Information pour la communication	50	48	IG			NC
Jean Bozzi Communication	100	96	IG			NC
La Gazette indépendante de Saône-et-Loire	100	96	IG			NC
La Tribune	100	96	IG			NC
Le Bien Public	100	96	IG			NC
Le Dauphiné Libéré	100	96	IG			NC
Les Journaux de Saône-et-Loire	100	96	IG			NC
Lyon Plus	100	96	IG			NC
Lyonnaise de Télévision	60	57	IG			NC
Massena Property	100	72	IG	100	70	IG
Massimob	100	70	IG	100	67	IG
Presse Diffusion	100	96	IG			NC
Promopresse	100	96	IG			NC
Publiprint Dauphiné	100	96	IG			NC
Publiprint province n° 1	100	96	IG			NC
Rhône Offset Presse	100	96	IG			NC
SCI ADS	100	72	IG	100	69	IG
SCI du Palais	100	96	IG			NC
SCI Hôtel de Ville	100	96	IG			NC
SCI Le Progrès Confluence	30	29	ME			NC
SCI 6 Place Joubert	100	96	IG			NC
SNC Foncière Massena	77	55	IG	83	58	IG
Société d'Edition des hebdomadaires et périodiques locaux	100	95	IG			NC

1. Method:
IG = Global Integration.
IP = Proportional Consolidation.
ME = Equity accounting.
NC = Not Consolidated.
FU = Merged.

Note 4

Cash, Central banks, Post office banks
Loans and receivables on credit institutions

	December 31st, 2009	December 31st, 2008
Cash, Central banks		
Central banks of which obligatory reserves	8,322 3,233	15,702 3,289
Cash	863	765
Total	**9,185**	**16,467**
Loans and receivables on credit institutions		
Crédit Mutuel network accounts[1]	12,481	11,521
Other ordinary accounts	2,877	2,809
Loans	6,779	4,394
Other receivables	8,454	13,282
Securities unlisted on an active market	5,881	8,788
Pensions	855	739
Receivables depreciated on an individual basis	1,506	348
Related accounts receivable	357	313
Reserves for depreciation	- 520	- 316
Total	**38,668**	**41,877**

1. Mainly concerns outstanding amounts for CDC repayment (LEP, LDD, Livret bleu).

Debts towards credit institutions

	December 31st, 2009	December 31st, 2008
Central banks	**1,265**	**2,319**
Other common account	2,045	1,468
Loans	34,164	51,884
Other debts	2,316	2,563
Pensions	1,929	1,707
Related accounts payable	88	207
Total	**41,807**	**60,148**

Note 5 Financial assets at fair value through profit and loss

	December 31st, 2009			December 31st, 2008		
	Transaction	Fair value on option	Total	Transaction	Fair value on option	Total
Securities	19,302	15,328	34,629	19,974	17,961	37,935
– Government securities	*4,754*	*88*	*4,843*	*4,273*	*167*	*4,441*
– Bonds and other fixed income securities	*12,307*	*3,749*	*16,056*	*15,356*	*8,551*	*23,907*
Listed	*12,307*	*3,680*	*15,987*	*15,350*	*6,849*	*22,198*
Unlisted	*0*	*69*	*69*	*6*	*1,702*	*1,709*
– Shares and other variable income securities	*2,241*	*11,490*	*13,731*	*345*	*9,242*	*9,587*
Listed	*2,241*	*9,979*	*12,219*	*345*	*7,785*	*8,130*
Unlisted	*0*	*1,511*	*1,511*	*0*	*1,457*	*1,457*
Derivative transaction instruments	3,358	0	3,358	7,844	0	7,844
Other financial assets		14,975	14,975		12,028	12,028
– of which pensions		*14,974*	*14,974*		*12,028*	*12,028*
Total	**22,660**	**30,303**	**52,963**	**27,818**	**29,989**	**57,807**

Note 5a Financial liabilities at fair value through profit or loss

	December 31st, 2009	December 31st, 2008
Financial liabilities held for transaction purposes	9,786	14,275
Financial liabilities at fair value on option through profit or loss	38,055	33,339
Total	**47,841**	**47,614**

Note 5b Financial liabilities held for transaction purposes

	December 31st, 2009	December 31st, 2009
Short selling of securities	4,168	3,567
– Bonds and other fixed income securities	*3,496*	*3,316*
– Shares and other variable income securities	673	252
Derivative transaction instruments	5,276	7,518
Other financial liabilities held for transaction purposes	342	3,189
Total	**9,786**	**14,275**

Note 5c Financial liabilities at fair value on option through profit or loss

	December 31st, 2009			December 31st, 2008		
	Book value	Amount due on maturity	Difference	Book value	Amount due when due	Difference
Securities issued	3,670	3,668	2	3,715	3,701	14
Debts between banks	27,193	27,175	18	28,561	26,295	2,266
Debts to customers	7,192	7,192	0	1,063	1,062	1
Total	**38,055**	**38,035**	**20**	**33,339**	**31,058**	**2,281**

Note 5d Fair value hierarchy

	December 31st, 2009			
	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value on option	69,866	3,305	2,553	75,724
– Government stock and assimilated securities	*15,447*	*0*	*0*	*15,447*
– Bonds and other fixed income securities	*47,321*	*2,950*	*1,419*	*51,690*
– Shares and other variable income securities	*5,926*	*0*	*0*	*5,926*
– Holdings and other long-term held securities	*1,159*	*305*	*413*	*1,877*
– Share of affiliates	*0*	*50*	*734*	*784*
Transaction / Fair value on option	28,547	22,301	2,114	52,962
– Government stock and assimilated securities, transaction	*4,657*	*97*	*0*	*4,754*
– Government stock and assimilated securities, fair value on option	*88*	*0*	*0*	*88*
– Bonds and other fixed income securities, transaction	*8,313*	*3,554*	*440*	*12,307*
– Bonds and other fixed income securities, fair value on option	*2,967*	*765*	*17*	*3,749*
– Shares and other variable income securities, transaction	*2,225*	*0*	*16*	*2,241*
– Shares and other variable income securities, fair value on option	*9,954*	*0*	*1,536*	*11,490*
– Loans and debts receivable with credit institutions, fair value on option	*0*	*7,363*	*0*	*7,363*
– Loans and debts receivable with customers, fair value on option	*0*	*7,612*	*0*	*7,612*
– Derivatives and other financial assets, transaction	281	2,910	167	3,358
Hedging derivative instruments	2	1,710	1	1,713
Total	**98,340**	**27,316**	**4,743**	**130,399**
Financial liabilities				
Transaction / Fair value on option	4,617	43,200	24	47,841
– Debts to credit institutions fair value on option	*0*	*27,193*	*0*	*27,193*
– Debts to clientele, fair value on option	*0*	*7,192*	*0*	*7,192*
– Debts represented by a security, fair value on option	*0*	*3,670*	*0*	*3,670*
– Derivatives and other financial assets, Transaction	*4,617*	*5,145*	*24*	*9,786*
Hedging derivative instruments	52	4,687	30	4,769
Total	**4,669**	**47,887**	**54**	**52,610**

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, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Details of level 3

	Opening	Purchases	Sales	Gains and losses in profit	Other transactions	Closing
Shares and other variable-income securities Fair value on option	1,541	102	- 87	24	- 44	1,536

Note 6 Derivative hedging instruments

	December 31st, 2009		December 31st, 2008	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedge	2	26	2	18
Fair value hedging (variation recorded in results)	1,712	4,743	4,521	7,885
Total	**1,713**	**4,769**	**4,523**	**7,903**

Note 6a Revaluation difference of portfolios with interest rate hedge

	Fair value December 31st, 2009	Fair value December 31st, 2008	Variation in fair value
Fair value of the interest rate risk per portfolio			
Financial assets	547	477	69
Financial liabilities	- 1,782	- 1,376	- 406

Note 6b Analysis of derivative instruments

	December 31st, 2009			December 31st, 2008		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Derivative transaction instruments						
Interest rate instrument						
– *Swaps*	*352,929*	*1,967*	*4,138*	*411,525*	*6,192*	*6,436*
– *Other futures contracts*	*13,486*	*24*	*1*	*26,281*	*120*	*19*
– *Options and conditional instruments*	*60,927*	*458*	*438*	*51,436*	*720*	*255*
Exchange rate instrument						
– *Swaps*		*21*	*43*		*76*	*100*
– *Other futures contracts*	*231*	*147*	*123*	*205*	*365*	*334*
– *Options and conditional instruments*	*14,769*	*157*	*158*	*11,574*	*182*	*180*
Other than interest and exchange rate						
– *Swaps*	*23,699*	*289*	*230*	*29,322*	*27*	*24*
– *Other futures contracts*	*6,045*	*0*	*3*	*3,937*	*0*	*11*
– *Options and conditional instruments*	*14,376*	*296*	*142*	*4,538*	*162*	*160*
Sub-total	**486,462**	**3,358**	**5,276**	**538,818**	**7,844**	**7,518**
Derivative hedging instruments						
Fair Value Hedge						
– *Swaps*	*72,375*	*1,659*	*4,743*	*54,118*	*4,464*	*7,885*
– *Options and conditional instruments*	*14*	*53*	*0*	*15*	*57*	*0*
Cash Flow Hedge						
– *Swaps*	*86*	*0*	*26*	*86*	*2*	*18*
– *Options and conditional instruments*	*0*	*1*	*0*	*0*	*0*	*0*
Sub-total	**72,474**	**1,713**	**4,769**	**54,219**	**4,523**	**7,903**
Total	**558,937**	**5,072**	**10,045**	**593,036**	**12,366**	**15,421**

Note 7 Available-for-sale financial assets

	December 31st, 2009	December 31st, 2008
Government securities	15,270	14,527
Bonds and other fixed income securities	51,557	49,891
– Listed	*51,116*	*49,391*
– Non listed	*441*	*499*
Shares and other variable income securities	5,961	4,655
– Listed	*5,692*	*4,512*
– Non listed	*269*	*143*
Long-term investments	2,622	2,336
– Equity investments	*1,455*	*1,338*
– Other securities held long term	*421*	*402*
– Shares in related companies	*746*	*595*
– Securities loaned	*0*	*0*
– Current account advances, doubtful property investment companies	*0*	*0*
Related accounts receivable	313	315
Total[1]	**75,723**	**71,723**
Of which unrealised gains or losts on bonds and other fixed incomesecurities and government-backed paper accounted for as shareholders' equity	*- 418*	*- 1,405*
Of which unrealised gains or losses on equities and capitalized securities directly accounted for as shareholders' equity	*475*	*180*
Of which impairment of bonds and other fixed income securities	*- 92*	*- 118*
Of which impairment of equities and other variable income securities	*- 1,706*	*- 1,437*

◆ List of main holdings not consolidated

		% held	Shareholders' equity	Balance sheet total	Net income	Profit/loss
Banca di Legnano[1]	Non quoted	< 10%	1,217	4,616	ND	67
BMCE Bank	Quoted	< 5%	733	13,341	534	127
Crédit Logement	Non quoted	< 5%	1,430	11,671	169	85
CRH (Caisse de refinancement de l'habitat)	Non quoted	< 20%	182	38,525	8	4
Foncière des Régions	Quoted	< 5%	5,797	17,447	1,094	- 832
Républicain Lorrain	Non quoted	100%	65	89	82	- 2
Veolia	Quoted	< 5%	9,532	49,126	36,206	709

1. 93.51% of the Banca de Legnano is held by BPM.

The different figures (excluding the percentage ownership) relate to financial year 2008.

Note 8 Loans and receivables from clientele

	December 31st, 2009	December 31st, 2008
Sound debts	**206,666**	**200,612**
Commercial lendings	3,964	5,026
Other lending to clientele	201,838	194,698
– home loans	*107,040*	*102,451*
– other lending and miscellaneous receivables including pensions	*94,797*	*92,247*
Related accounts receivables	507	548
Securities not listed on an active market	358	340
Debts depreciated on an individual basis	**156**	**182**
Debts receivable with a diminution in value on an individual basis	**10,360**	**6,628**
Gross debts	217,183	207,422
Individual provisions	**- 6,117**	**- 4,197**
Collective provisions	**- 398**	**- 544**
Sub-total 1	210,668	202,680
Finance leasing (net investment)	**7,458**	**6,950**
Equipment	4,897	4,769
Real Estate	2,412	2,067
Debts depreciated on an individual basis	149	114
Reserves for depreciation	**- 109**	**- 85**
Sub-total 2	7,349	6,865
Total[1]	218,017	209,545
Of which equity loans	*8*	*2*
Of which subordinated loans	*171*	*153*

1. Of which 7,798 euros on December 31st, 2009 following the entry of the Cofidis group and 3,149 million euros for Crédit Mutuel Midi-Atlantique.

Finance leasing operations with clientele

	December 31st, 2008	Acquisition	Sale	Others	December 31st, 2009
Gross book value	6,950	1,228	- 730	10	7,458
Depreciation of non-recoverable lease revenue	- 85	- 40	16	0	- 109
Net book value	6,865	1,188	- 714	10	7,349

Breakdown by duration of future lease revenue receivable under finance leasing operations

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease revenue receivable	2,320	3,992	1,332	7,644
Capitalised value of future lease revenue	2,138	3,779	1,317	7,234
Non-acquired financial income	182	213	15	410

Note 8a Debts to customers

	December 31st, 2009	December 31st, 2008
Special regime savings accounts	57,369	49,826
– *sight*	*35,685*	*33,236*
– *forward*	*21,684*	*16,591*
Related accounts payable on savings accounts	32	41
Sub-total	**57,402**	**49,867**
Demand deposit accounts	49,886	43,265
Forward accounts and term loans	39,744	33,806
Pensions	1,876	326
Reinsurance debts	785	743
Related accounts payable	48	82
Sub-total	**92,339**	**78,223**
Total[1]	**149,740**	**128,089**

1. Of which 2,526 million euros on December 31st, 2009 after the entry of Crédit Mutuel Midi-Atlantique.

Note 9 Financial assets held until maturity

	December 31st, 2009	December 31st, 2008
Securities	9,082	10,135
– *Government securities*	*0*	*135*
– *Bonds and other fixed income securities*	*9,082*	*10,000*
Listed	*9,066*	*8,562*
Non listed	*16*	*1,439*
Related accounts receivable	20	88
Gross total	**9,102**	**10,223**
Of which assets with diminution in value	*1*	*101*
Provisions for depreciation	- 1	- 98
Net total	**9,101**	**10,125**

Note 10 Variation in depreciations

	December 31st, 2008	Provision	Writeback	Others	December 31st, 2009
Loans and receivables credit institutions	- 316	- 221	8	8	- 520
Loans and receivables on clientele	- 4,827	- 2,064	996	- 730	- 6,624
AFS securities “available for sale”	- 1,555	- 427	148	36	- 1,798
HTM securities “held to maturity”	- 98	- 1	102	- 3	- 1
Total	**- 6,796**	**- 2,712**	**1,254**	**- 688**	**- 8,942**

1. Of which 972 million euros following the entry of the Cofidis group.

On December 31st, 2009, the provisions on loans and debts receivable from customers were 6,624 million euros (against 4,827 million euros in late 2008), of which 263 million euros were collective provisions. As regards individual provisions, they were mainly located in ordinary debit accounts up to 971 million euros (against 988 million euros in late 2008) and the provisions on commercial debts receivable and other accommodation (of which housing loans), in 5,146 million euros (against 2,987 million euros in late 2008).

Note 11 Financial instruments – reclassifications

In application of new accounting regulations and in the exceptional situation of completely dislocated markets, the Group transferred on July 1st, 2008, 18.8 billion euros of trading portfolio commitments to the AFS portfolio (16.1 billion euros) and to the Loans & Receivables portfolio (2.7 billion euros) and 6.5 billion from the AFS portfolio to the Loans & Receivables portfolio (5.9 billion euros) and to the HTM portfolio (0.6 billion euros).

	December 31st, 2009		December 31st, 2008	
	Book value	Fair value	Book value	Fair value
Portfolio to Loans & Receivables	6,862	6,558	8,495	7,767
Portfolio AFS	13,590	13,590	15,436	15,435

	December 31st, 2009	December 31st, 2008
Profits/losses that would have been booked in fair value results if the assets had not been reclassified	1,468	- 969
Unrealized gains/losses that would have been booked in equity if the assets had not been reclassified	- 811	271
Profits/losses spent in profit (Net banking income) connected to the reclassified assets	- 410	- 35

Note 12 Note on the exposures connected to the financial crisis

In accordance with the request from the banking supervision agency and market regulation agency, below are the exposures relating to the financial crisis. The portfolios have been valued at their market price on the basis of external data from organised markets, main brokers or, when no price was available, comparable securities that are quoted in the market.

◆ RMBS Exposure *(Residential Mortgage Backed Securities)*

	December 31st, 2009		December 31st, 2008
	Book value	Acquisition value	Book value
Trading	1,067	1,080	1,169
Available For Sale	1,959	2,028	2,814
Loans	2,361	2,932	3,131
Total	**5,387**	**6,040**	**7,114**

RMBS exposures issued in the USA

	December 31st, 2009		December 31st, 2008
	Book value	Acquisition value	Book value
Detail by origination			
Origination 2005 and earlier	529	633	710
Origination 2006	716	990	1,244
Origination 2007	722	886	1,115
Origination since 2008	115	121	54
Total	**2,082**	**2,630**	**3,122**
Detail by rating			
Agencies	697	687	1,227
AAA	93	101	472
AA	41	55	49
A	7	10	69
BBB	18	28	422
BB	31	34	101
Less than or equal to B	1,195	1,715	782
Total	**2,082**	**2,630**	**3,122**

Guarantees received from monoline insurance companies on the USA RMBS

	December 31st, 2009		December 31st, 2008
	Book value	Acquisition value	Book value
Ambac	22	22	34
MBIA	4	5	7
FGIC	35	46	23
Total	**61**	**73**	**64**

◆ CMBS Exposure *(Commercial Mortgage Backed Securities)*

	December 31st, 2009	December 31st, 2008
	Book value	Book value
Detail by geographical zone		
France	1	1
Europe outside France	79	129
USA	0	0
Other	118	201
Total	**198**	**331**
Trading	14	54
AFS	177	270
Loans	7	7
Total	**198**	**331**

◆ Exposures on ABS

Exposures on CLO / CDO

CDO non-hedged by CDS *(Credit Default Swaps)*

	December 31st, 2009		December 31st, 2008
	Book value	Acquisition value	Book value
Trading			
Available for sale	33	39	54
Loans	1,773	1,775	1,695
Total	**1,806**	**1,814**	**1,749**
Detail by geographical zone CDO non-hedged by CDS *(Credit Default Swaps)*			
Europe outside France	801	803	484
USA	62	62	354
Other	943	949	911
Total	**1,806**	**1,814**	**1,749**
Detail by rating			
AAA	1,434	1,438	1,693
AA	322	322	45
Other	50	54	11
Total	**1,806**	**1,814**	**1,749**

Exposures on other ABS's

	December 31st, 2009		December 31st, 2008
	Book value	Acquisition value	Book value
Trading	689	702	1,031
Available for sale	528	534	774
Loans	315	325	443
Total	**1,532**	**1,561**	**2,248**

Detail by geographical zone

France	559	562	550
Europe outside France	903	928	1,578
USA			
Other	70	71	110
Total	**1,532**	**1,561**	**2,238**

Detail by rating

AAA	1,180	1,197	1,827
AA	148	159	172
A	13	13	87
BBB	191	192	152
BB	0		
Subordinate or equal	0		
Non Listed	0		
Total	**1,532**	**1,561**	**2,238**

Exposures hedged by CDSs

At December 31st, 2009, the outstanding ABSs hedged by CDSs amounted to 953 million euros.

◆ Exposures LBOs *(leverage buy-out)*

	December 31st, 2009	December 31st, 2008
	Book value	Book value
Detail by geographic zone of the dedicated financing structures		
France	1,371	1,546
Europe outside France	494	572
USA	140	228
Other	50	46
Total	**2,055**	**2,392**

Detail by area of the dedicated financing structures as a percentage

	December 31st, 2009
	Book value
Industrial goods and services	22
Healthcare	13
Journeys and leisure activities	11
Construction	11
Industrial transport	10
Telecommunications	6
Media	6
Distribution	5
Other < 4 %	16
Total	**100**

◆ Transactions with special purpose vehicles

At December 31st, 2008, the liquidity lines granted to 3 debt securitization funds represent 298 million euros.

Note 13 Current tax

	December 31st, 2009	December 31st, 2008
Assets (by result)	1,078	1,095
Liabilities (by result)	395	280

Note 13a Deferred tax

	December 31st, 2009	December 31st, 2008
Assets (by result)	960	911
Assets (by shareholders’ equity)	372	716
Liabilities (by result)	939	879
Liabilities (by shareholders’ equity)	187	13

Breakdown of deferred taxes by main categories

	December 31st, 2009		December 31st, 2008	
	Assets	Liabilities	Assets	Liabilities
Temporary differences in:				
– *Deferred gains/losses on available-for-sale securities*	*372*	*187*	*716*	*13*
– *Depreciations*	*344*		*222*	
– *Hidden reserve on finance leasing*		*69*		*27*
– *Profits/losses of transparent companies*		*3*		*11*
– *Revaluation of financial instruments*	*735*	*345*	*386*	*582*
– *Accrued expenditure and income*	*92*	*748*	*69*	*4*
– *Tax losses*[1 2]	*302*		*514*	
– *Insurance business*	*112*	*371*	*116*	*350*
– *Other temporary offsets*	*100*	*129*	*157*	*459*
Compensation	- 725	- 725	- 553	- 553
Total deferred tax assets and liabilities	**1,333**	**1,126**	**1,627**	**893**

Deferred taxes are calculated on the basis of the principle of the liability method. For French entities, the rate of the deferred tax is 34.43% and is the nominal tax rate.
1. Of which concerning USA: 220 million euros in 2009 and 262 million for 2008.
2. Tax deficits are a source of deferred tax assets to the extent to which their probability of recovery is high.

Note 14a Prepayments and accrued income

	December 31st, 2009	December 31st, 2008
Prepayments and accrued income		
Payments received	612	563
Currency adjustment accounts	413	87
Accrued income	422	505
Various elimination accounts	2,365	2,887
Sub-total	**3,811**	**4,042**
Other assets		
Settlement accounts/securities operations	163	193
Other debtors[1]	12,165	11,454
Stock and similar	33	17
Other uses	- 10	- 4
Sub-total	**12,352**	**11,660**
Other insurance assets		
Other	331	357
Sub-total	**331**	**357**
Total	**16,495**	**16,059**

Note 14b Accruals and deferred income

	December 31st, 2009	December 31st, 2008
Accruals and deferred income		
Accounts unavailable on recovery operations	698	188
Currency adjustment accounts	596	1,684
Accrued expenses	735	687
Other elimination accounts	6,821	8,348
Sub-total	8,849	10,906
Other liabilities		
Settlement accounts/operations on securities	151	231
Payments still to be made on securities	114	107
Current liabilities	2,946	3,141
Sub-total	3,211	3,480
Other insurance liabilities		
Deposits and sureties received	133	126
Other	0	0
Sub-total	133	126
Total	12,193	14,511

Note 15 Stakes in associated companies Share in the net profit/loss of associated companies

	December 31st, 2009		December 31st, 2008	
	Value of associates	Share in profit/loss	Value of associates	Share in profit/loss
ACM Nord	17	3	17	1
Alternative gestion SA Genève	1	0	1	NS
Astree Assurance	16	2	13	2
Banca Popolare di Milano[1]	131	9		
Banque de Tunisie	46	8	42	6.48
CCCM	90	4	77	1
RMA Watanaya	198	19	194	14
Royal Automobile Club de Catalogne[1]	31	1		
Valeroso Management Ltd	0	0	0	0
Filiales du sous-groupe EBRA[1]	- 14	- 16		
Total	517	31	343	25

1. Companies consolidated from January 1st, 2009.

Note 16 Investment property

	December 31st, 2008	Increase	Reduction	Other variations	December 31st, 2009
Historical cost	1,070	194	- 2	2	1,264
Amortisation and depreciation	- 126	- 15	0	0	- 141
Net amount	**944**	**179**	**- 1**	**2**	**1,123**

The fair value of buildings accounted for at the depreciated cost was 1,389 million euros on December 31st, 2009.

Note 17 Tangible fixed assets

	December 31st, 2008	Increase	Reduction	Other variations	December 31st, 2009
Historical cost					
Land for operations	393	32	1	13	438
Constructions for operations	3,131	247	- 69	142	3,450
Other tangible fixed assets	1,762	253	- 165	174	2,025
Total	**5,287**	**532**	**- 233**	**328**	**5,914**
Amortisation and depreciation					
Land for operations	0	0	0	- 1	- 1
Constructions for operations	- 1,502	- 163	38	- 69	- 1,696
Other tangible fixed assets	- 1,277	- 206	103	- 56	- 1,436
Total	- 2,779	- 369	141	- 126	- 3,133
Net amount	**2,508**	**162**	**- 92**	**203**	**2,781**
Including property leased under finance leasing operations					
Land for operations	49	2	0	0	51
Constructions for operations	96	13	0	0	109
Total	**145**	**15**	**0**	**0**	**160**

Note 17a Intangible fixed assets

	December 31st, 2008	Increase	Reduction	Other variations	December 31st, 2009
Historic cost					
Internally generated fixed assets	9	2	- 1	2	12
Fixed assets acquired	846	134	- 25	408	1,363
– software	*97*	*38*	*- 3*	*288*	*420*
– other	*749*	*96*	*- 22*	*119*	*943*
Total	**855**	**136**	**- 26**	**410**	**1,375**
Amortisation and depreciation					
Internally generated fixed assets					
Fixed assets acquired	- 308	- 91	18	- 25	- 405
– software	*- 74*	*- 44*	*3*	*- 25*	*- 140*
– other	*- 234*	*- 47*	*16*	*0*	*- 266*
Total	**- 308**	**- 91**	**18**	**- 25**	**- 405**
Net amount	**547**	**46**	**- 8**	**385**	**969**

1. Of which 390 million euros following the entry of the Cofidis group.

Note 18 Goodwill

	December 31st, 2008	Increase	Reduction	Other variations	December 31st, 2009
Gross goodwill	3,557	691	- 39		4,209
Depreciations	0			- 124	- 124
Net goodwill	**3,557**	**691**	**- 39**	**- 124**	**4,085**

Subsidiaries	Value of the goodwill in December 31st, 2008	Increase	Reduction	Variation depreciation	Value of the goodwill in December 31st, 2009
Banca Popolare di Milano		41			41
Banque du Luxembourg	13				13
Banque Transatlantique	5	1			6
CIC Iberbanco	15				15
CIC Private Banking - Banque Pasche	44				43
Cofidis Participations		389			389
Crédit Industriel et Commercial (CIC)	497				497
GPK Finance	5				5
IPO	21				21
Monabanq		17			17
NRJ Mobile	78				78
Targobank	2,800		- 39		2,760
Other	79	243		- 124	198
Total	**3,557**	**691**	**- 39**	**- 124**	**4,085**

The acquisition difference is reviewed at the end of the fiscal year to see if any permanent diminution in assets needs to be applied. That review consists in the following, depending on the situation:
– checking if the value of the most recent transaction is above the book value, or
– checking if the valuation hypotheses used during the acquisition are still valid.

The Group took control over the Cofidis Participations group in March 2009. That was done by the acquisition of 51% of Cofidis Participations by a common holding company (Carmen holding investissement), 67% of which is controlled by BFCM and 33% by 3 Suisses International (3SI). It is pointed out that the agreements provide for the possibility that BFCM increase its participation to 67% of the capital and voting rights of Cofidis Participations by 2016 on the initiative of either of the parties. The acquisition difference found in that respect in the consolidated accounts is as follows (million euros):

Acquisition price and costs	663
Fair value of assets and liabilities acquired	274
Acquisition difference	**389**

Note 19 Debts represented by a security

	December 31st, 2009	December 31st, 2008
Interest bearing notes	406	266
TMI & TCN	56,475	69,969
Debenture loans	29,898	29,764
Related accounts payable	562	851
Total	**87,341**	**100,850**

Note 20 Technical reserves of insurance companies

	December 31st, 2009	December 31st, 2008
Life	53,215	49,090
Non-life	1,945	1,969
Units of account	6,090	4,667
Other	196	198
Total	**61,445**	**55,924**

Note 21 Provisions for contingencies and loss

	Opening balance	Provisions of the year	Provisions of the year (provision used)	Provisions of the year (provision unused)	Other variations	Closing balance
Provisions for pension commitments	**121**	**90**	**- 7**	**- 59**	**30**	**176**
Pension commitments with defined benefits and similar excluding pension funds						
Long service payments made on retirement[1]	34	75	-5	- 49	3	63
Pension supplements	54	5	-1	- 5	12	66
Bonuses linked to the work medal (other long-term benefits)	25	7	0	- 3	8	37
Sub-total in accounts	**113**	**87**	**-6**	**- 57**	**23**	**166**
Complementary pension schemes with defined benefits insured by the Group's pension funds						
Reserve of the spare incapacity pension funds[2] *Just value of assets*	8	3	0	- 1	0	10
Sub-total in accounts	**8**	**3**	**0**	**- 1**	**0**	**10**
Provisions for risks	**382**	**138**	**- 40**	**- 51**	**- 18**	**411**
For commitments by signature	125	70	- 10	- 41	1	145
For funding and guarantee commitments	0	1	0	0	0	1
For country risks	0	0	0	0	2	2
Provisions for tax	131	23	- 18	- 1	2	137
Provisions for disputes	79	24	- 2	- 4	- 21	76
Provision for risks on miscellaneous claims	46	20	- 10	- 5	- 2	49
Other provisions for counterparty risks	1	0	0	0	0	1
Other provisions	**414**	**209**	**- 8**	**- 46**	**31**	**600**
Provisions for ownership	148	7	- 2	-7	3	149
Provisions for miscellaneous contingencies	173	114	- 6	- 35	8	254
Other provisions	93	88		- 4	20	197
Total	**918**	**437**	**- 55**	**- 156**	**42**	**1,187**

1. The provision for end-of-career benefits for French banks is equal to the difference between the total commitment and the amount insured by insurance companies. The annual premiums paid take account of entitlements on December 31st, of each fiscal year, weighted by staff turnover and survival probability coefficients. Since this fiscal year, the end-of-career benefits are as provided in the AFB agreement upon retirement on the initiative of the employee and the corridor principle is no longer applied.
2. Since this fiscal year, the three former branches of the CIC Group were merged and the new entity changed into an IGRS, so that the reserves for this organisation are no longer insufficient. The remaining provisions concern foreign entities.

The accounting and evaluation of retirement commitments and similar benefits comply with recommendation 2003-R01 of the national accounting council. From this fiscal year, the discounting rate selected is the rate of yield of long-term debentures issued by companies of the first rank, estimated from Iboxx or Itraxx indices, which means a 5% discount rate on December 31st, 2009. The annual increase in salaries is the estimation of the future inflation added to salary increases.

Provisions for risks on commitments on home ownership savings

	December 31st, 2009	December 31st, 2008
Home ownership savings plans (PEL) outstanding		
Age 0 to 4 years	1,791	1,344
Age 4 to 10 years	4,588	5,117
Age above 10 years	4,394	4,623
Total	**10,773**	**11,084**
Home ownership savings accounts (CEL) outstanding	2,322	2,073
Total des comptes et plans d'épargne-logement	**13,095**	**13,157**

Home ownership savings scheme loans

	December 31st, 2009	December 31st, 2008
Home ownership savings scheme loans outstanding, source of provisions for contingencies entered in assets on balance sheet	829	744

Home ownership savings provisions

	Opening balance	Net dotations	Other variations	Closing balance
On home ownership savings accounts	40	8	0	48
On home ownership savings plans	84	(10)	0	74
On home ownership savings scheme loans	22	4	0	26
Total	**146**	**2**	**0**	**148**

Analysis by age of the provisions for ownership savings plans

	Opening balance	Closing balance
Age 0 to 4 years	75	44
Age 4 to 10 years	3	0
Age above 10 years	6	30
Total	**84**	**74**

The CEL (home ownership savings accounts) and the PEL (home ownership savings plans) are French regulated products available to the clientele (physical persons). These products feature a remunerated savings phase that entitles the saver to a home loan in a second phase. They generate two types of commitments for the distributing establishment:

– a commitment to the future remuneration of the savings at a fixed rate (on the PEL only, as the rate of remuneration of CELs can be counted as variable rate, being periodically revised according to an indexation formula);

– a commitment to grant a loan to the customers who ask for one, at predetermined conditions (PEL and CEL).

These commitments have been estimated on the basis of behavioural statistics concerning the customers and market data.

A provision is constituted in the balance sheet liabilities in order to cover the future charges relating to the potentially unfavourable conditions of these products, compared to the interest rates offered to the clientele of private individuals for products that are similar, but not regulated in terms of remuneration. This approach is conducted by homogeneous generation in terms of regulated PEL and CEL conditions. The impacts on the results are entered among the interest paid to the clientele.

The stability of provisions for risks observed for this fiscal year is mainly due to the offsetting of two effects (decrease in provision due to the adjustment of the margin on deposits but increase in provision due to the increase in scenarios of anticipated future rates (determined by a Cox-Ingersoll-Ross rate model)).

Note 22 Subordinated debts

	December 31st, 2009	December 31st, 2008
Subordinated debts	4,284	4,290
Equity loans	156	156
Fixed duration subordinated debts	1,695	2,743
Other debts	127	0
Related accounts payable	94	108
Total	**6,357**	**7,297**

Main subordinated debts

	Type
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
CIC	Equity
Banque Fédérative du Crédit Mutuel	TSS
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSS
Banque Fédérative du Crédit Mutuel	TSR

1. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
2. Non-amortizable, but reimbursable as the borrower wishes as from May 28th, 1997 at 130% of the nominal amount revalued by 1.5% per year for future years.
3. Rate 3-months Euribor rate + 25 base points.
4. Rate 3-months Euribor rate + 529 base points.

The 1,036 million euros perpetuals subscribed by SPEE on December 11th, 2008 as part of the financing of the economy in relation with the financial crisis was repaid by BFCM in 2009.

Note 23 Shareholders equity – Group share (excluding latent or deferred gains or losses)

	December 31st, 2009	December 31st, 2008
Capital and capital-related reserves	4,918	3,703
– Capital	*4,918*	*3,697*
– Premium relating to issue, transfer, merger, split, conversion	*0*	*6*
Consolidated reserves	12,626	12,320
– Regulated reserves	*6*	*6*
– Conversion reserves	*- 36*	*- 43*
– Other reserves (including bills linked to the first application)	*12,595*	*12,365*
– Carryover	*59*	*- 9*
Profit/loss of the year	1,194	353
Sub-total	**18,738**	**16,376**

Date issued	Amount issued	Amount at end of year	Rate	Maturity
June 29th, 2001	50 million euro	50 million euro	5.40	June 29th, 2011
July 19th, 2001	700 million euro	700 million euro	6.50	July 19th, 2013
September 30th, 2003	800 million euro	800 million euro	5.00	September 30th, 2015
May 28th, 1985	137 million euro	137 million euro	[1]	[2]
	1,600 million euro	1,600 million euro		not fixed
December 19th, 2006	1,000 million euro	1,000 million euro	[3]	December 19th, 2016
December 18th, 2007	300 million euro	300 million euro	5.10	December 18th, 2015
June 16th, 2008	300 million euro	300 million euro	5.50	June 16th, 2016
October 17th, 2008	147 million euro	147 million euro	[4]	not fixed
December 16th, 2008	500 million euro	500 million euro	6.10	December 16th, 2016

◆ Share capital of the Caisses de Crédit Mutuel

The Caisses de Crédit Mutuel have a share capital consisting of:
– Unassignable "Part A" type shares,
– marketable "Parts B" type sharess,
– "Parts P" type priority interest-bearing shares.

"Parts B" may only be subscribed by members holding at least one "Part A". The articles of association of the local Caisses limit the subcription of "Parts B" per member to 35,000 euro (with the exception of the reinvestment of dividends paid in "Parts B"). The capital may not be less, following the withdrawal of contributions, than one quarter of the highest amount reached by the capital in the past. If this limit were to be reached, the reimbursement of the shares would be suspended.

The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31st, 1988:
– shares subscribed before December 31st, 1988 may be reimbursed at the member's request for the January 1st, of each year. This reimbursement, which takes place subject to compliance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice;
– shares subscribed after January 1st, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the regulations concerning the reduction of the capital.

The Caisse may, after a decision by the Board of Directors and in agreement with the Supervisory Board, and in the same conditions, reimburse all or a part of the shares in this category.

Moreover, the Crédit Mutuel Caisse "Cautionnement Mutuel de l'Habitat", a mutual loan security company, has been issuing priority interest-bearig shares known as "Parts P" since 1999. The subscription of "Parts P" is reserved for the distributors of secured loans outside the Centre Est Europe Group.

At December 31st, 2009, the capital of the Caisses de Crédit Mutuel broke down as follows:
– 130.1 million euro of "Part A" type shares, as against 121.2 million euro on December 31st, 2008,
– 4,708.6 million euro of "Part B" type shares, as against 3,380.5 million euro on December 31st, 2008,
– 79,2 million euro of "Part P" type shares, as against 136.7 million euro on December 31st, 2008.

Note 23b Latent or deferred gains or losses

	December 31st, 2009	December 31st, 2008
Latent or deferred gains or losses[1] relating to:		
Assets available for sale		
– Shares	*475*	*180*
– Bonds	*- 418*	*- 1,405*
Hedging derivatives (CFH)	- 43	- 12
Share of latent or deferred gains or losses with equity accounted companies	- 1	- 1
Total	**13**	**- 1,238**
of which Group share	*- 4*	*- 1,086*
of which minority interests	*17*	*- 152*

1. Net balances of corporate income tax.

Note 23c Recycling of gains and losses directly accounted in equity capital

	December 31st, 2009	December 31st, 2008
	Variations	Variations
Conversion difference		
Reclassified into profit	0	0
Other transactions	- 23	15
Sub-total	- 23	15
Revaluation of financial assets that are available for sale		
Reclassified into profit	632	- 367
Other transactions	673	- 1,488
Sub-total	1,304	- 1,855
Revaluation of derivative hedge instruments		
Reclassified into profit	0	0
Other transactions	- 31	- 10
Sub-total	- 31	- 10
Share of latent or deferred gains or losses with equity accounted companies	0	- 2
Total	1,251	- 1,852

Note 23b Tax relating to each component of gains and losses directly accounted in equity

	Variations December 31st, 2009			Variations December 31st, 2008		
	Gross value	Tax	Net value	Net value	Tax	Net value
Conversion difference	- 23	0	- 23	15	0	15
Revaluation of financial assets that are available for sale	1,750	- 446	1,304	- 2,511	656	- 1,855
Revaluation of derivative hedge instruments	- 30	- 1	- 31	- 13	3	- 10
Share of latent or deferred gains or losses with equity accounted companies	9	- 8	0	- 3	1	- 2
Total	1,706	- 455	1,251	- 2,513	661	- 1,852

Note 24 Commitments given and received

◆ Commitments given

	December 31st, 2009	December 31st, 2008
Financing commitments		
Commitments to credit institutions	1,473	1,409
Commitments to customer	43,860	36,905
Guarantee commitments		
Commitments on orders from credit institutions	4,200	3,008
Commitments on orders from customer	13,917	14,747
Commitments on securitie		
Securities acquired with return option	0	0
Other commitments given	1,170	1,512
Commitments given on the insurance activity	**337**	**412**

◆ Commitments received

	December 31st, 2009	December 31st, 2008
Financing commitments		
Commitments received from credit institutions	14,754	5,209
Commitments received from the clientele	0	14
Guarantee commitments		
Commitments received from credit institutions	19,931	20,037
Commitments received from the clientele	6,275	3,930
Commitments on securities		
Securities sold with buyback or return option	0	0
Other commitments received	547	1,572
Commitments received from the insurance activity	**7,513**	**7,190**

Note 25 Interest and similar income/charges

	December 31st, 2009		December 31st, 2008	
	Income	Charges	Income	Charges
Credit institutions & central banks	1,722	- 1,790	4,058	- 4,788
Customer	12,162	- 4,666	11,249	- 5,095
– of which rent financing and simple rent	*2,295*	*- 1,972*	*2,263*	*- 1,913*
Derivative hedging instruments	1,847	- 2,328	2,662	- 2,129
Financial assets available-for-sale	732		1,178	
Financial assets held to maturity	252		100	
Debts represented by a security		- 2,032		- 4,626
Subordinated debts		- 211		- 135
Total[1]	**16,714**	**- 11,027**	**19,247**	**- 16,773**

1. Except contribution of the entrantes entities in the scope in 2008 and 2009, the products of interests would be 14,726 million euros in 2009 (19,145 million in 2008) and loads of interests of - 10,533 million euros (-16,742 million in 2008).

Note 26 Commisssions

	December 31st, 2009		December 31st, 2008	
	Income	Charges	Income	Charges
Credit institutions	11	- 6	14	- 4
Customer	983	- 19	825	- 23
Securities	738	- 85	701	- 72
– *Among which activities managed for account of third parties*	*499*		*494*	
Derivative instruments	6	- 9	5	- 10
Foreign exchange	17	- 4	17	- 6
Finance and guarantee commitments	45	- 8	18	- 4
Provision of services	1,653	- 757	1,134	- 763
Total[1]	**3,453**	**- 890**	**2,715**	**- 882**

1. Excluding the contribution of entities entering the consolidation in 2008 and 2009, commission revenue was 2,676 million euros in 2009 (2,666 million euros in 2008) and charges -793 million euros (- 877 million euros in 2008).

Note 27 Net gain on financial instruments at fair value through profit or loss

	December 31st, 2009	December 31st, 2008
Transaction instruments	569	772
Instruments at fair value on option	- 140	- 534
Ineffective hedging	- 54	65
– Cash flow hedges	- 1	0
– Fair value hedges	- 54	65
Fair value variations of hedged items	*608*	*913*
Fair value variations of hedging items	*- 661*	- 848
Gain/loss from foreign exchange operations	70	74
Total variations in fair value	**444**	**377**

Note 28 Net income or gain on available-for-sale financial assets

	December 31st, 2009			
	Dividends	Gains/losses	Depreciation	Total
Government securities, bonds and other fixed income securities		- 72	0	- 72
Shares and other variable income securities	11	13	- 5	19
Long-term investments	73	0	- 39	34
Other	0	5	0	5
Total	**85**	**- 54**	**- 44**	**- 14**

	December 31st, 2008			
	Dividends	Gains/losses	Depreciation	Total
Government securities, bonds and other fixed income securities		- 47	- 1	- 48
Shares and other variable income securities	39	63	- 147	- 45
Long-term investments	214	81	- 335	- 40
Other	0	1	0	1
Total	**253**	**99**	**- 483**	**- 131**

Note 29 Income/charges from other activities

	December 31st, 2009	December 31st, 2008
Income from other activities		
Insurance policies	10,501	5,848
– *premiums acquired*	*7,884*	*6,532*
– *net income from investments*	*2,578*	*- 721*
– *technical and non-technical income*	*40*	*37*
Investment property	1	3
– *Write-backs of provisions/depreciation*	*0*	*2*
– *Capital gain or sale*	*1*	*1*
Expenses rebilled	6	2
Other income	582	499
Sub-total	**11,091**	**6,352**
Charges from other activities		
Insurance policies	- 9,310	- 4,909
– *charges for services*	*- 5,012*	*- 4,586*
– *variation in provisions*	*- 4,292*	*- 363*
– *technical and non-technical charges*	*- 6*	*41*
Investment property	- 19	- 17
– *provisions/provision for depreciation (according to treatment chosen)*	*- 19*	*- 17*
Other charges	- 320	- 253
Sub-total	**- 9,649**	**- 5,179**
Total net income/other net expenses	**1,441**	**1,173**

Note 30 Overheads

	December 31st, 2009	December 31st, 2008
Personnel costs	- 3,278	- 2,444
Other income	- 2,670	- 1,873
Total	**- 5,949**	**- 4,317**

Note 30a Personnels costs

	December 31st, 2009	December 31st, 2008
Wages and salaries	- 2,093	- 1,559
Social contributions	- 756	- 615
Advantages of the short-term staff	- 10	- 9
Employee benefits	- 223	- 68
Salary taxes and similar payments	- 193	- 199
Other	- 3	6
Total[1]	**- 3,278**	**- 2,444**

1. Excluding the contribution of entities entering into the consolidation in 2008 and 2009, personnel expenses were 2,700 million euros in 2009 (2,410 million euros in 2008).

Average workforce

	December 31st, 2009	December 31st, 2008
Bank technicians	32,709	27,971
Management	17,885	15,021
Total	**50,594**	**42,992**
Ventilation by country		
France	41,431	36,131
Foreign	9,163	6,861
Total[1]	**50,594**	**42,992**

1. Of which average workforce of 4,331 on December 31st, 2009 following the entry of the Cofidis group (2,376 in France, 1,955 overseas).

Note 30b Other operating expenses

	December 31st, 2009	December 31st, 2008
Taxes and other contributions	- 283	- 232
External services	- 1,832	- 1,211
Other charges (transports, travelling…)	- 112	- 94
Total[1]	**- 2,227**	**- 1,536**

1. Excluding the contribution of entities entering into the consolidation in 2008 and 2009, the other operating expenses were - 1,569 million euros in 2009 (- 1,485 million euros in 2008).

Note 30c Provision/writeback on depreciation and provisions for tangible and intangible fixed assets

	December 31st, 2009	December 31st, 2008
Amortisation	- 443	- 336
– *tangible fixed assets*	*- 355*	*- 307*
– *intangible fixed assets*	*- 88*	*- 29*
Depreciations	0	0
– *tangible fixed assets*	*0*	*0*
– *intangible fixed assets*	*0*	*0*
Total[1]	**- 443**	**- 336**

1. Excluding the contribution of entities entering into the consolidation in 2008 and 2009, the allowances/reversals of depreciation and provisions were - 374 million euros in 2009 (- 334 million euros in 2008).

Note 31 Cost of risk

◆ December 31st, 2009

	Provisions	Writebacks	Irrecoverable debts covered	Irrecoverable debts not covered	Recovery on debts written off	Total
Credit institutions	- 220	8	0	- 1	0	- 213
Customer	- 1,997	960	- 450	- 353	109	- 1,732
– Finance leasing	- 1	4	- 1	- 4	0	- 3
– Other customer	- 1,996	956	- 449	- 350	109	- 1,729
Sub-total	**- 2,217**	**968**	**- 450**	**- 354**	**109**	**- 1,945**
HTM - DJM	0	102	- 105	0	0	- 4
AFS - DALV	0	105	- 95	- 14	0	- 4
Other	- 92	67	0	- 12	2	- 34
Total[1]	**- 2,309**	**1,242**	**- 650**	**- 380**	**111**	**- 1,987**

1. Excluding the contribution of entities entering into the consolidation in 2008 and 2009, the cost of the risk was - 998 million euros in 2009 (- 1,032 million euros in 2008).

◆ December 31st, 2008

	Provisions	Writebacks	Irrecoverable debts covered	Irrecoverable debts not covered	Recovery on debts written off	Total
Credit institutions	- 309	2	- 2	0	0	- 309
Customer	- 899	688	- 218	- 49	14	- 465
– Finance leasing	- 2	4	- 2	- 3	0	- 3
– Other customer	- 897	684	- 216	- 47	14	- 462
Sub-total	**- 1,208**	**690**	**- 220**	**- 50**	**14**	**- 774**
HTM - DJM	- 97	3	0	0	0	- 95
AFS - DALV	- 104	7	- 8	- 4	0	- 109
Other	- 140	56	0	- 1	0	- 86
Total[1]	**-1,550**	**754**	**- 228**	**- 55**	**14**	**- 1,064**

Note 32 Income or losses from other assets

	December 31st, 2009	December 31st, 2008
Tangible and intangible fixed assets	9	13
– Loss on sale	*- 25*	*- 9*
– Capital gain on sale	*35*	*22*
Capital gains/losses on disposals of consolidated equity	0	0
Total	**9**	**13**

Note 33 Variation in value of goodwill

	December 31st, 2009	December 31st, 2008
Diminution in value of goodwill	- 124	0
Negative goodwill entered in the result	0	0
Total	**- 124**	**0**

Note 34 Corporate income tax

Breakdown of the tax charge

	December 31st, 2009	December 31st, 2008
Tax charge payable	- 728	- 293
Deferred tax charge	50	418
Adjustments for previous financial years	10	3
Total[1]	**- 668**	**127**

1. Excluding the contribution of entities entering into the consolidation in 2008 and 2009, the tax expenditure was - 686 million euros in 2009 (- 128 million euros in 2008).

Reconciliation between the tax charge entered into the accounts and the theoretical tax charge

	December 31st, 2009	December 31st, 2008
Taxable profit	2,072	357
Theoretical tax rate	34.43%	34.43%
Theoretical tax charge	**- 713**	**- 123**
Impact of the SCR and SICOMI special regimes	5	22
Impact of the reduced rate on long-term capital gains	16	111
Impact of the specific tax rates for foreign entities	3	24
Other	21	93
Tax charge	**- 668**	**127**
Effective taxation rate	**32.25%**	**NS**

Note 35 2009 consolidated pro-forma result with acquisitions at January 1st

	December 31st, 2009 Group Total published	December 31st, 2008 Group Total with acquisitions in full year
Net banking revenue	10,122	10,604
Overheads	- 5,949	- 6,347
Gross operating profit	4,174	4,258
Cost of risk	- 1,987	- 2,069
Income from other assets	- 83	- 68
Pre-tax profit/loss	**2,103**	**2,121**
Overall net profit/loss	**1,435**	**1,441**
Net income Group share	**1,194**	**1,185**

The table includes the theoretical impact on the result of the acquisition of Cofidis and Ebra, as if they had been carried out in the full year 2009 (effective as from January 1st). The valuation differences were maintained at the level recognised on the actual date of acquisition.

Note 36 Fair value of financial instruments entered into the accounts at the depreciated cost

The fair values presented are an estimation based on the observable parameters at December 31st, 2009. They are calculated by discounting future flows estimated on the basis of a risk-free rate curve to which is added for the calculation of the assets a credit spread calculated for the whole of the CM5-CIC Group and reviewed each year.

The financial instruments presented in this information are the lending and borrowing. They do not include non-monetary items (shares), supplier accounts and the accounts of other assets, other liabilities and the elimination accounts. Non-financial instruments are not concerned by this information.

The fair value of the financial instruments payable on sight and regulated savings contracts of the clientele is the value payable to the client, that is to say its book value.

Some entities in the Group may also apply hypotheses: the market value is the book value for contracts whose conditions refer to a variable rate or whose residual duration is one year or less.

We draw your attention to the fact that, apart from the financial assets held to maturity, the financial instruments entered into the accounts at the depreciated cost are not transferable or in practice are not sold before their maturity. As a result, the capital gains or losses are not recognised.

If, however, the financial instruments entered into the accounts at the depreciated cost were to be sold, the price of that sale might differ significantly from the fair value calculated at December 31st, 2009.

	December 31st, 2009		December 31st, 2008	
	Balance sheet value	Market value	Balance sheet value	Market value
Assets				
Loans and receivables on credit institutions	38,668	36,156	41,877	40,359
Loans and receivables from customer	218,017	215,249	209,545	206,807
Financial assets held until maturity	9,101	9,247	10,125	10,187
Liabilities				
Debts to credit institutions	40,542	40,304	57,829	57,661
Debts to customer	149,740	144,065	128,089	125,140
Debts represented by a security	87,341	86,467	100,850	99,941
Subordinated debts	6,357	6,534	7,297	7,479

Note 37 Outstanding amounts of operations with related partie

◆ Balance sheet elements on transactions with third parties

	December 31st, 2009		December 31st, 2008	
	Companies consolidated by equity accounting	National Confederation	Companies consolidated by equity accounting	National Confederation
Assets				
Loans, advances and securities				
– Loans and receivables on credit institutions	*4,708*	*7,293*	*6,807*	*7,208*
– Loans and receivables on customer	*0*	*36*	*0*	*38*
– Securities	*107*	*325*	*1,212*	*95*
Other assets	0	0	0	0
Total	**4,815**	**7,654**	**8,019**	**7,342**
Liabilities				
Deposits				
– Debts to credit institutions	*5,444*	*2,011*	*7,839*	*2,859*
– Debts to customer	*0*	*37*	*0*	*29*
– Debts represented by a security	*5*	*826*	*1,200*	*751*
Other liabilities	0	266	0	155
Total	**5,449**	**3,139**	**9,039**	**3,794**
Financing and guarantee commitments				
Financing commitments given	0	0	0	0
Guarantee commitments given	0	1,290	0	2,253
Financing commitments received	0	0	0	0
Guarantee commitments received	0	54	0	50

◆ Profit/loss items relating to operations with related parties

	December 31st, 2009		December 31st, 2008	
	Companies consolidated by equity accounting	National Confederation	Companies consolidated by equity accounting	National Confederation
Interest received	165	232	212	- 299
Interest paid	- 94	- 30	- 224	- 82
Commission received	0	7	0	0
Commission paid	0	- 20	0	- 22
Other income and charges	- 48	- 26	- 8	- 65
Overheads	0	- 17	0	- 15
Total	**23**	**146**	**- 21**	**115**

The National Confederation consists of the other regional federations of the Crédit Mutuel not affiliated to the Crédit Mutuel Centre Est Europe Group. Relations with the parent companies mainly involve lending and borrowing as part of cash flow management.

Relations with the Group's main directors

The Caisse Fédérale is common to the 5 partner Federations, Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique. The partner Groups are all represented on the Caisse Fédérale's Board of Directors. The Board of Directors of the Caisse Fédérale du Crédit Mutuel currently consists of 13 members appointed by the General Meeting for 3 years and 5 observers also appointed for 3 years by the Board in application of Article 19 of the articles of association. Each trade union represented in the Caisse Fédérale du Crédit Mutuel has appointed a representative to the Caisse Fédérale's Board of Directors, whose meetings they attend in an advisory capacity. The total number of employee representatives of the Caisse Fédérale is fixed at five. The employees of the Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique groups are represented on the Board of Directors of the Caisse Fédérale du Crédit Mutuel with one employee per Group. Two employee members also sit on the Board of Directors to represent the federal Works Council. A list of directors with details of any positions they hold in other companies is included in the annexes in accordance with legal requirements.

Total remuneration paid to the main directors

in thousands of euros

	Total remuneration
– Company Officers – Management Committee – Paid members of the Board	5,410

By a decision of the Board of Directors of the Caisse Fédérale du Crédit Mutuel of July 2007, paid company officers who, because of their status do not benefit from the same common law mechanisms as the Group's employees relating to profit-sharing and retirement indemnities, will be paid a compensatory indemnity when they leave the company. This indemnity paid on leaving their post is determined by analogy with the provisions on proft-sharing and retirement indemnities that apply to salaried employees who are not company officers placed in the same conditions. The amount provisioned in this respect is 2,534,605 euros.

Note 38 Events after the closure of the accounts and other information

The consolidated financial statements of CM5-CIC Group for the year ending December 31st, 2009 were closed by the Board of Directors on March 19th, 2010.

Note 39 Exposure to risks

The information relating to the exposure to risks required by IFRS 7 is presented in chapter 4 on risks in the management report.

Note 40 Statutory Auditors' tees

In millions of euros	Ernst & Young			
	Amount 2009	Percentage 2008	Amount 2009	Percentage 2008
Audit				
Official auditing, certification, examination of the financial statements				
– Parent entity	*73*	*127*	*2%*	*5%*
– Fully integrated subsidiaries	*3,018*	*2,125*	*94%*	*86%*
Other due care and services directly related to the mission of the statutory auditor				
– Parent entity	*2*	*0*	*0%*	*0%*
– Fully integrated subsidiaries	*53*	*64*	*2%*	*3%*
Sub-total	3,146	2,316	98%	94%
Other services rendered by the networks to the fully integrated subsidiaries				
– Legal, taxation and social	*0*	*0*	*0%*	*0%*
– Others	*64*	*147*	*2%*	*6%*
Sub-total	64	147	2%	6%
Total	**3,210**	**2,463**	**100%**	**100%**

In millions of euros	KPMG AUDIT			
	Amount 2009	Percentage 2008	Amount 2009	Percentage 2008
Audit				
Official auditing, certification, examination of the financial statements				
– Parent entity	*98*	*95*	*2%*	*4%*
– Fully integrated subsidiaries	*3,214*	*1,232*	*72%*	*52%*
Other due care and services directly related to the mission of the statutory auditor				
– Parent entity	*6*	*0*	*0%*	*0%*
– Fully integrated subsidiaries	*57*	*61*	*1%*	*3%*
Sub-total	3,375	1,388	76%	59%
Other services rendered by the networks to the fully integrated subsidiaries				
– Legal, taxation and social	*7*	*7*	*0%*	*0%*
– Others	*1,066*	*960*	*24%*	*41%*
Sub-total	1,073	967	24%	41%
Total	**4,448**	**2,355**	**100%**	**100%**

The total amount of the auditing fees paid to the statutory auditors not belonging to the network of one of those certifying the consolidated and individual financial statements of the CM5-CIC Group mentioned in the table above, amounts to 6,090 thousand euros for the 2009 financial year.

STATUTORY AUDITORS' REPORT ON THE CONSOLITED ACCOUNTS

KPMG Audit
Département de KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex
S.A. with a capital of 5,497,100 euros

Statutory Auditor
Member of the Regional Company of Versailles

Ernst & Young & Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. with variable capital

Statutory Auditors
Member of the Regional Company of Versailles

Year ended December 31st, 2009

The Shareholders, Dear Sirs,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report relating to the financial year ending December 31st, 2009 on:

- the examination of the consolidated financial statements of the CM5-CIC Group, as they are enclosed with this report;
- the justification of our appreciations;
- the specific checks required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applied in France. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. We certify that in our opinion, the financial statements give, in accordance with the IFRS standards as adopted in the European Union, a true and fair view of the results of the operations of the past financial year as well as of the financial position and assets and liabilities of the persons and entities making up the Group at the end of this financial year.

Justification of assessments

The accounting estimations competing to the preparation of financial status on December 31st, 2009 were realized in an economic context and conditions of market always degraded. It is in this context that in application of the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our comments, we hereby inform you of the following facts:

- Your Group uses internal models and methodologies for the valuation of the financial instruments which are not treated on active markets, as well as for the constitution of certain reserves, such as described in notes 1 and 12 the notes. We have examined the system of control relating to the determination of the inactive nature of the market, the checking of the models and the determination of the parameters used.

• Your Group records depreciation on assets available for sale when there is an objective indication of a prolonged or significant fall in the value of these assets (notes 1 and 7 in the notes). We have examined the system of control relating to the identification of value loss indices, the valuation of the most significant lines, as well as the estimations that led, where applicable, to the coverage of the value losses by depreciation.

• Your Group constitutes depreciation and provisions to cover the credit risks inherent in its business (notes 1, 8, 21 and 31 in the notes). We have examined the system the follow-up to the tracking of credit risks, the appreciation of non-collection risks and the hedging of the same by diminution in value and individual and collective provisions.

• Your company has entered deferred tax assets into its accounts, particularly in respect of tax deficits that may be carried forward (notes 1 and 13 of the appendix). We have examined the main estimations and hypotheses that have led to the recognition of these deferred taxes.

The comments thus made fall within the framework of our audit of the consolidated financial statements, taken as a whole, and have therefore contributed to the forming of our opinion expressed in the first part of this report.

Specific verification

We also proceeded, in accordance with the standards of professional practice applicable in France, the specific verification required by the law on the information contained in the Group's management report.

We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, April 23th, 2010
The Statutory Auditors

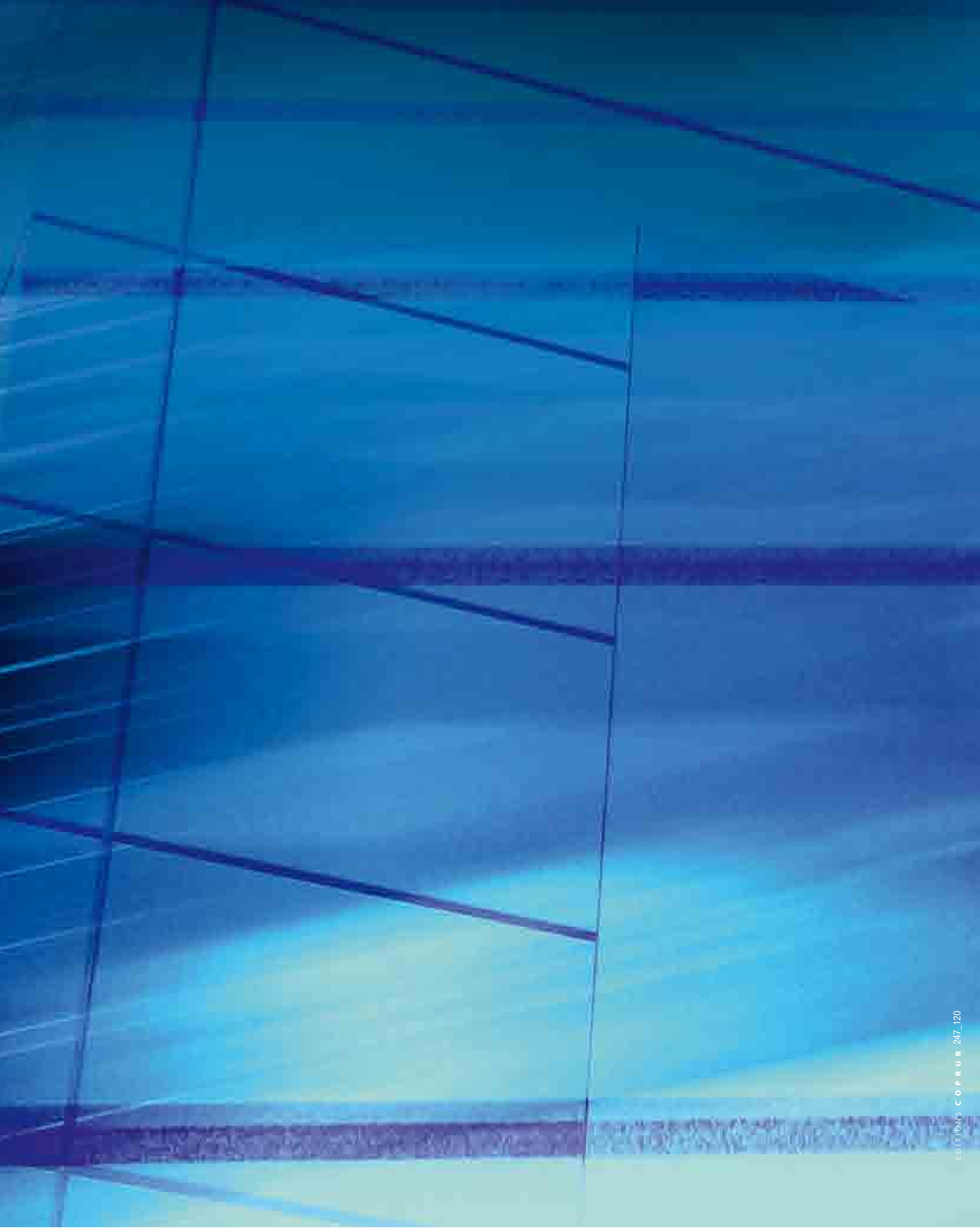
KPMG Audit
Department of KPMG S.A.

Arnaud Bourdeille

Ernst & Young & Autres

Isabelle Santenac

Caisse Fédérale de Crédit Mutuel
34, rue du Wacken – 67913 STRASBOURG CEDEX 9
Tél. : 03 88 14 88 14 – Télécopieur : 03 88 14 67 00



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Crédit Mutuel

LA banque à qui parler