

2011



Banque Fédérative
du Crédit Mutuel

Document de référence

Registration Document

Crédit Mutuel
LA banque à qui parler

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



The French language version of this registration document was filed with the French Financial Markets Authority (Autorité des marchés financiers, AMF) under number D.12-0414 on April 25, 2012 pursuant to Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if accompanied by an offering memorandum (note d'opération) approved by the AMF. The registration document was prepared by the issuer and is binding on its signatories.

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

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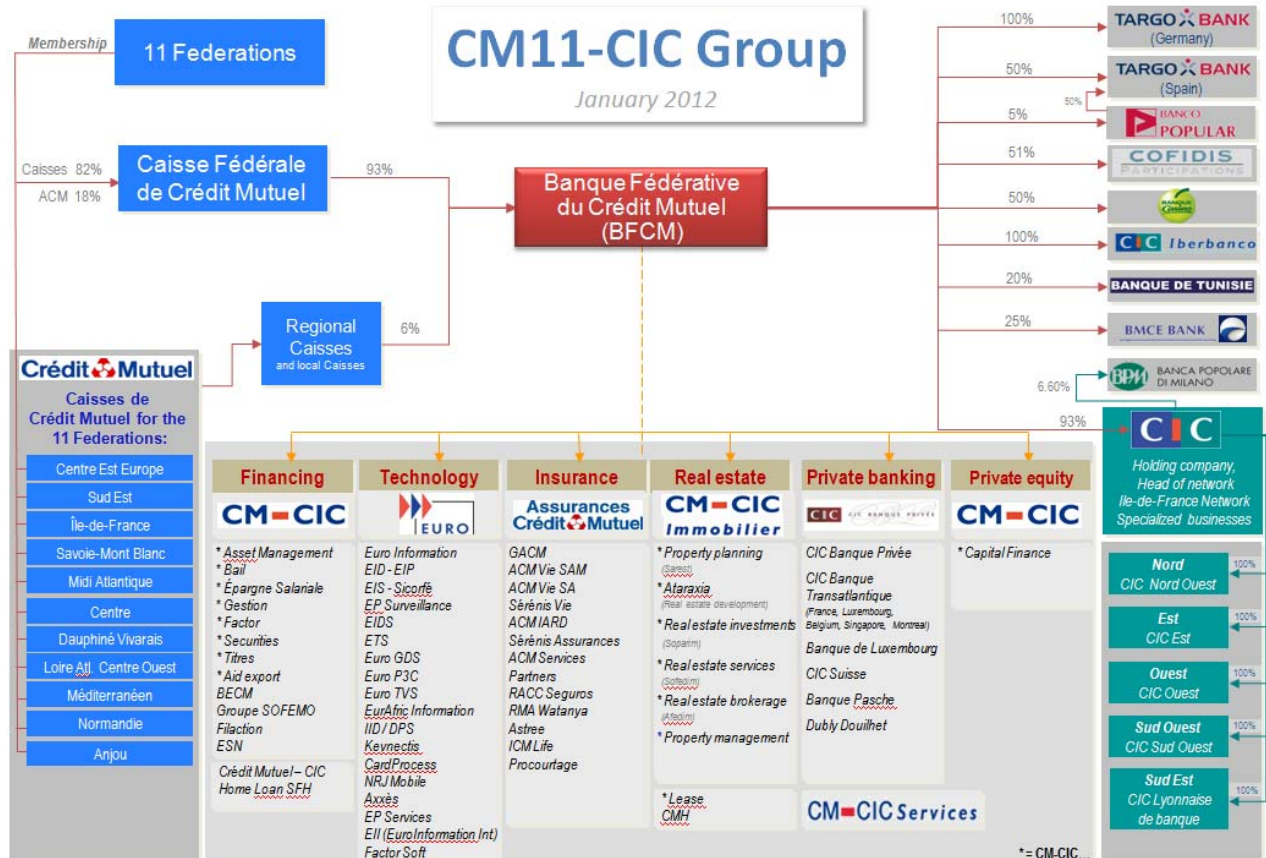
Chapter I

PRESENTATION OF BFCM GROUP

1.1 Presentation of the company and Group

□ CM11-CIC Group at January 1, 2012

Banque Fédérative du Crédit Mutuel is owned by CM11-CIC Group, whose general organizational chart is as follows:



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

The Federations (which are associations in which membership is compulsory for the local Caisses) are the policy organs that set the Group's strategic directions and organize solidarity between the Caisses.

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

In 2002, CF de CM also became the joint interfederal Caisse with Crédit Mutuel Ile-de-France under a partnership agreement for the pooling of the financial and logistical resources of the network of the local Caisses in Ile-de-France. The collective banking license for the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est and Crédit Mutuel Ile-de-France) was granted by the French Credit Institutions and Investment Firms Committee (*Comité des Établissements de Crédit et des Entreprises d'Investissement, CECEI*), effective January 1, 2002.

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

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

On January 1, 2011, the Crédit Mutuel Centre, Crédit Mutuel Dauphiné-Vivaraais, Crédit Mutuel Loire-Atlantique Centre Ouest, Crédit Mutuel Normandie and Crédit Mutuel Méditerranéen federations joined Caisse Fédérale de Crédit Mutuel. The collective banking license governing the operations of the new entity known as CM10 (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Île-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Centre, Crédit Mutuel Dauphiné-Vivaraais, Crédit Mutuel Loire-Atlantique Centre Ouest, Crédit Mutuel Normandie et Crédit Mutuel Méditerranéen) was granted by the CECEI effective January 1, 2011.

In 2012, CF de CM also became the joint interfederal Caisse with Crédit Mutuel Anjou. The collective banking license governing the operations of the new entity known as CM 11 (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Île-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Centre, Crédit Mutuel Dauphiné-Vivaraais, Crédit Mutuel Loire-Atlantique Centre Ouest, Crédit Mutuel Normandie, Crédit Mutuel Méditerranéen and Crédit Mutuel Anjou) was granted by the CECEI effective January 1, 2012.

The CM11 network is now comprised of 1,329 Caisses and 2,009 points of sale, 6.6 million customers in 83 departments with a combined population of 45.4 million.

□ **BFCM Group**

The Banque Fédérative du Crédit Mutuel (BFCM) is a holding company within the CM11-CIC Group.

The holding company's major subsidiaries and other long-term investments are presented on page [158](#).
(Note 3 – Composition of scope of consolidation)

The organization and business lines of BFCM Group are presented in Chapter II, page 15
Legally required information on BFCM (name, legal status, etc.) is presented on page 202.

1.2 Distribution of BFCM's capital stock at December 31, 2011

Information on the ownership and direct or indirect control of BFCM by the CM10-CIC Group.

Stockholders	No. of shares held	% ownership (3)
CF de CM (1)	24,625,938	92.94%
Local Caisses of Crédit Mutuel (2) which are members of FCM CEE, FCM SE, FCM IdF, FCM SMB, FCM MA, FCM C, FCM DV, FCM LACO, FCM M, FCM N	134,012	0.51%
Fédération du Crédit Mutuel CEE	81	0.00%
CRCM ILE DE FRANCE PARIS	146,411	0.55%
CRCM SAVOIE MONT BLANC - ANNECY	20	0.00%
CRCM MIDI ATLANTIQUE - TOULOUSE	24,584	0.09%
CFCM LOIRE ATLANTIQUE ET CENTRE OUEST - NANTES	741,969	2.80%
CFCM MAINE ANJOU ET BASSE NORMANDIE - LAVAL	222,965	0.84%
CFCM CENTRE- ORLEANS	272,398	1.03%
CFCM DE NORMANDIE - CAEN	124,056	0.47%
CFCM ANJOU - ANGERS	123,870	0.47%
CFCM ANTILLES-GUYANE - FORT DE FRANCE	2,477	0.01%
CRCM MEDITERRANEEN	74,930	0.28%
CRCM DAUPHINE VIVARAIS	2,500	0.01%
CM AGRICOLE ET RURALE	10	0.00%
CFCM NORD EUROPE	1	0.00%
CFCM OCEAN-LA ROCHE SUR YON	1	0.00%
Individual directors	42	0.00%
TOTAL	26,496,265	100.00%

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

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

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

Changes in the distribution of capital stock during the past three years

Changes occurring in 2011 were as follows:

On July 28, 2011, BFCM completed a €22,621,000 capital increase through the creation and issuance of 452,420 new shares paid for in cash in order to increase the capital stock from €1,302,192,250 to €1,324,813,250. This capital increase reserved for the regional Caisses (CRCM) and local Caisses (CCM) of the Crédit Mutuel Centre, Crédit Mutuel Dauphiné Vivarais, Crédit Mutuel Loire Atlantique-Centre Ouest, Crédit Mutuel Méditerranéen and Crédit Mutuel Normandie federations was subscribed in the amount of €180,968,000, including offering premiums, with the following allocation:

- CRCM Centre subscribed 99,000 BFCM shares (0.37%),
- CRCM Dauphiné Vivarais subscribed 2,500 BFCM shares (0.01%),
- CRCM Loire Atlantique-Centre Ouest subscribed 246,500 BFCM shares (0.93%),
- CRCM Méditerranéen subscribed 75,000 BFCM shares (0.28%),
- CRCM Normandie subscribed 25,000 BFCM shares (0.09%),

Affiliation of the Caisses de Crédit Mutuel (CCM) corresponding to the capital increase (10 BFCM shares per CCM): 99 CCM du Centre, 50 CCM de Dauphiné-Vivarais, 145 CCM de Loire Atlantique – Centre Ouest, 90 CCM de Méditerranéen, and 58 CCM de Normandie.

During this period, the BFCM share held by Caisse Interfédérale du Crédit Mutuel Sud Europe Méditerranéen (CIF SEM) was transferred to Caisse Fédérale de Crédit Mutuel (CF de CM), following the merger by absorption of CIF SEM by CF de CM.

In 2010

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

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

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

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

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

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

In 2009:

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

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

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

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

In 2008:

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

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

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

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

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

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

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

Caisse Fédérale du Crédit Mutuel Centre Est Europe controls nearly 93% of BFCM.

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

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

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

BFCM's dependency on other entities within the CM11-CIC Group is limited to the ownership ties presented above in Chapter 1.1 Presentation of the company and Group .

Chapter VI page 200 indicates that no major agreements exist between BFCM and the subsidiaries.

1.3 Company history and growth

Banque Fédérative du Crédit Mutuel (BFCM) is a Holding Company in the CM11-CIC Group.

BFCM carries the Group subsidiaries and coordinates their activities.

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

BFCM performs the central financing function on behalf of the CM11-CIC Group.

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

Caisse Fédérale de Crédit Mutuel holds 92.94% of its capital.

History of Crédit Mutuel

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

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

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

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

1897: Creation of the Lorraine federation.

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

1919: Foundation of Banque Fédérative du Crédit Mutuel.

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

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

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

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

1970: Opening of Wacken facility.

1971: Creation of Assurances du Crédit Mutuel.

Opening of Bischenberg training center.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group strengthened its ties to mass market retailers. Backed by its powerful technological capabilities, it entered into a partnership with Casino to market financial products. Banque Casino is therefore jointly held 50-50 by the respective companies.

2012: Fédération du Crédit Mutuel Anjou joined Caisse Fédérale du Crédit Mutuel, bringing the number of member federations to 11.

** The capital increase by which France Est acquired a controlling interest in Est Républicain was voided by a ruling of the Nancy Court of Appeals on December 23, 2008, which was subsequently upheld by a decision of the Court of Cassation on June 29, 2010.*

1.4 Competitive position*

1.4.1 New products and/or new activity

Not applicable

1.4.2 Main markets

BFCM is a subsidiary of the CM11-CIC Group controlled by the 11 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou. The competitive and strategic positioning is analyzed at national level for the entire Crédit Mutuel-CIC.

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

Number 1 property and casualty insurance provider among banking and insurance companies

Number 1 bank for associations and works councils

Number 2 bank in electronic banking

Number 2 bank in farm lending

Number 2 bank for microcredit to social and professional organizations

Number 3 in home loans

Number 3 bank for SMEs

Number 3 banking network for consumer credit

Number 4 life insurer among banking and insurance companies

* Data not audited by statutory auditors

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

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

➤ **Moody's, February 17, 2012: Moody's credit opinion: outlook "under review for possible downgrade"**

➤ **Fitch Ratings, December 15, 2011: Fitch Ratings downgrades BFCM to A+ rating with stable outlook**

➤ **S&P, December 7, 2011: S&P affirms the stable outlook for the Crédit Mutuel/BFCM Group**

(The complete releases (Moody's from February 17, 2012, Fitch Ratings from December 15, 2011 and Standard and Poor's from December 7, 2011) are available on BFCM's web site: <http://www.bfcm.creditmutuel.fr/fr/bfcm/index.html>).

➤ **Crédit Mutuel named "2011 Bank of the Year in France" by *The Banker*, the second consecutive year it has won the award**

(Crédit Mutuel Group press release of November 30, 2011 and available on the BFCM web site: <http://www.bfcm.creditmutuel.fr/fr/bfcm/index.html>).

For the second consecutive year, *The Banker* names Crédit Mutuel "Bank of the Year in France."

The British magazine, a Financial Times publication, recognized the Crédit Mutuel-CIC Group's performance, which confirms its sound financial position and dynamic growth despite the severe economic and social crisis in Europe. This international recognition also affirms the relevance of the Group's growth model.

Crédit Mutuel's 11.6% core Tier 1 ratio is one of the highest in Europe.

The Group's strengths are considerable. The bank does not depend on the stock market, with more than 80% of its net banking income generated in the retail banking and insurance segment, and it has demonstrated a capacity to ensure its refinancing needs.

In 2011, Crédit Mutuel pursued its development in France and abroad, notably in Spain with the launch of TARGOBANK through a partnership with Banco Popular, and in Canada through a framework cooperation agreement with Mouvement Desjardins, a cooperative bank also recognized by *The Banker* in 2010.

In addition to the above-mentioned award, in the summer of 2011 Crédit Mutuel was named "Best French Banking Group" by *World Finance* magazine.

This continuing success is also a function of the know-how of the Group's 76,000 employees, their efforts, the commitment of its 24,000 volunteer directors and the trust of its 29 million clients, including 7.2 million share-owning members. It reflects the strength of the cooperative model serving the real economy, the local and regional markets and the respective local market participants.

➤ **Crédit Mutuel-CIC and Banco Popular launch TARGOBANK in Spain**

(Crédit Mutuel Group press release of November 14, 2011 available on the BFCM web site <http://www.bfcm.creditmutuel.fr/fr/bfcm/index.html>).

The new bank, jointly held 50-50 by Banco Popular and CM-CIC, has more than €2 billion in assets.

At the end of last week, TARGOBANK Spain held its official opening ceremony at Madrid's Cibeles Palace, hosted by Alain Fradin, the Chief Operating Officer of Crédit Mutuel-CIC, Roberto Higuera, the Vice Chairman of Banco Popular, and Juan Perez and Javier Gefael, who are both Chief Executive Officers of TARGOBANK Spain, and attended by more than 500 employees.

TARGOBANK Spain currently has more than 200,000 individual clients, 18,000 company clients, 123 branches and 530 employees. With more than €2 billion in total assets and €276 million in shareholders' equity, the bank reaffirms its commitment to growth and its intention to participate in the movement to restructure the country's financial system.

TARGOBANK, a Crédit Mutuel-CIC international brand name, was first used in Germany for the Citibank subsidiary acquired in 2008.

Along with the high-quality service it provides to Spanish clients, TARGOBANK offers products and services specially adapted to the needs of individuals doing business in Spain, France and Germany.

FUND MANAGEMENT:

A steady harvest of awards for CM-CIC AM.

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



2011 awards

Pyramide d’Argent awarded by *Investissement Conseils* magazine to the CM-CIC Micro-Cap fund in the Euro Zone Small and Midcap Equities category

Corbeille d’Or Mieux Vivre Votre Argent: 3rd place for CIC (this award recognizes the performance of the fund line over 1 year in the retail banking category)

Corbeille Long Terme Mieux Vivre Votre Argent: 2nd place for CIC (this award recognizes the performance of the fund line over five years in the retail banking category)

Trophée d’Or for:

Best overall performance recognizing all funds over 10 years (all categories) - 2nd consecutive year;

Best euro-denominated bond fund line over three years (retail banking);

Best euro-denominated equities line over three years (retail banking).

Trophée d’Argent for the overall performance of the funds over three years (retail banking).

Trophée de Bronze for Union Steep Curve: best euro-denominated bond fund over 10 years (all categories).

Lipper Fund Awards:

Union Obli Long Terme received two awards for the best fund in the “Euro-denominated Long Term Bonds” category (five and 10 years).

Union Obli Court Terme received an award in the "Euro-denominated Short Term Bonds" category (10 years).

Morningstar Fund Awards for:

Best Group in the “Broad Range Bonds” category;

Union Obli Moyen Terme received the best fund award in the “Euro Diversified Bonds” category.

2010 awards

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

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

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

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

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

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

2009 awards

Gold: Euro-denominated bond line over three years

Silver: Overall performance over three years

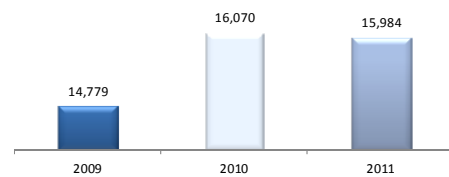
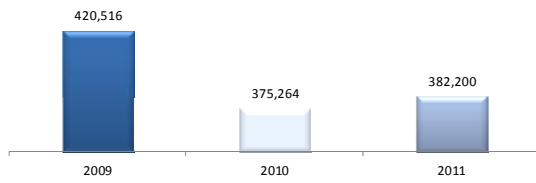
Silver: Diversified fund line over three years

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

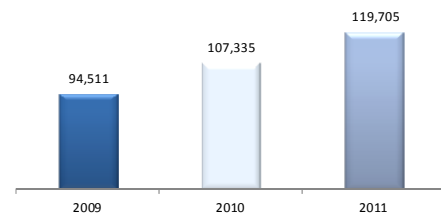
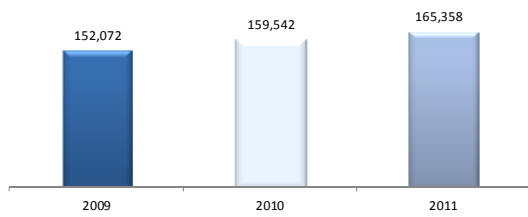
The sources of these rankings (notably those listed above) are explicitly cited; otherwise the information is from internal sources.

1.5 Selected financial information for the consolidated BFCM Group

TOTAL ASSETS (€ millions) SHAREHOLDERS' EQUITY REPORTED AND SUPER-SUB. SECURITIE



CUSTOMER LOANS (€ millions) CUSTOMER DEPOSITS * (€ millions)



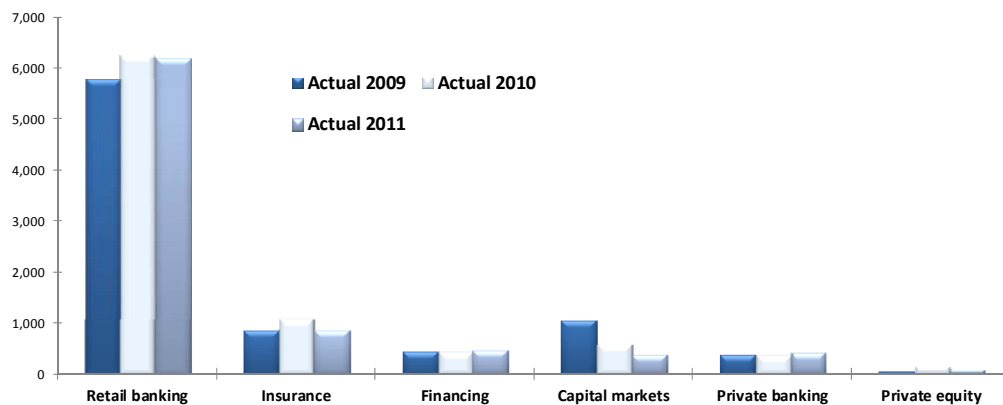
* SFEF issues are not taken into account in customer deposits

EARNINGS (€ millions) RATINGS

	2011	2010	2009
Net banking income	7,753	8,481	7,908
Operating income	1,482	2,356	1,569
Total net income	1,050	1,751	1,029
Net income attributable to equity holders	817	1,405	808
Cost-to-income ratio	64%	58%	56%

	Moody's	S & P	Fitch Ratings
ST rating	P-1	A-1	F1+
LT rating	Aa3	A+	A+
Outlook	negative	stable	stable

NBI OF CORE BUSINESS LINES (€ millions)



Source: consolidated financial statements

CM10-CIC Group Key Figures

Key figures

(at December 31 - €millions)

	CM10-CIC	CM5-CIC
	2011	2010
Total assets	468,333	434,262
Reported shareholders' equity and deeply subordinated notes	27,882	25,527
Tier 1 solvency ratio	11.0%	10.8%
Assets under management and held in custody ²	459,009	430,394
- of which customer deposits ²	193,645	154,477
- of which insurance product savings	62,354	61,345
Loans and receivables due from customers ¹	263,906	229,304
Consolidated results		
Net banking income	11,053	10,889
General and administrative expenses	(6,942)	(6,356)
Gross operating income	4,111	4,533
Net additions to provisions for loan losses	(1,456)	(1,305)
Operating income	2,656	3,228
Net income before tax	2,718	3,225
Corporate income tax	(913)	(884)
Reported net income	1,805	2,341
Reported net income attributable to owners of the company	1,623	1,961
Employees (year-end) ³	65,174	56,171
Number of points of sale	4,563	4,017
Number of clients	22,908,363	21,617,049

* Consolidated results of Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais et Méditerranéen, their common Caisse Fédérale, Banque Fédérative du Crédit Mutuel and its main subsidiaries: ACM, BECM, information technology entities, etc., including CIC, TARGOBANK Germany, Cofidis, CIC Iberbanco, TARGOBANK Spain (formerly Banco Popular Hipotecario), Banque Casino.

1 Including leases.

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

3. Employees of entities controlled by the Group.

Chapter II

GROUP ORGANIZATION AND BUSINESS LINES

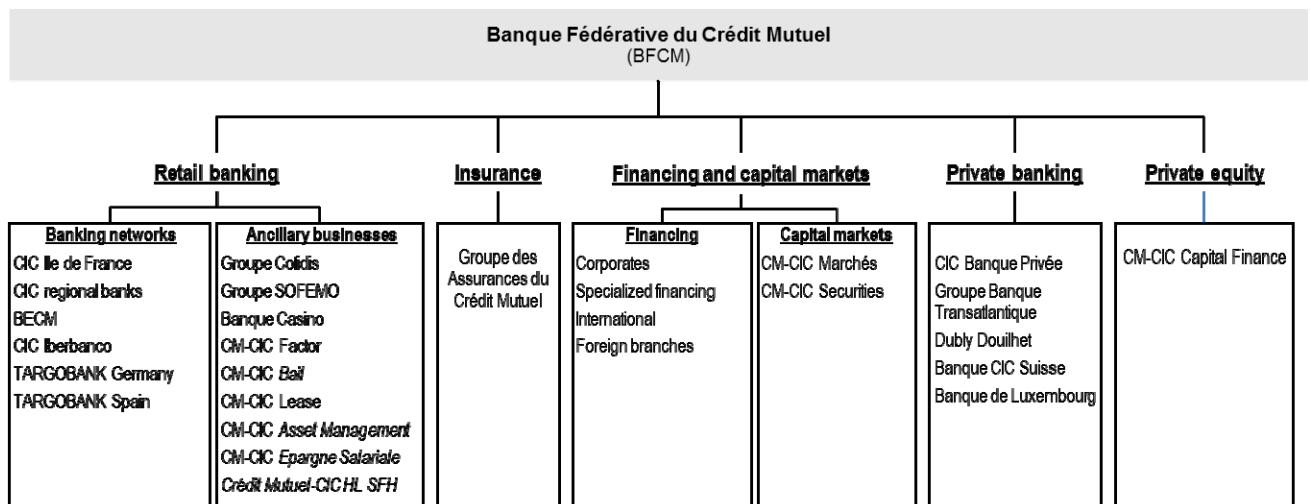
2.1 Summary organization of BFCM Group

Group's summary organization

BFCM Group comprises:

- Banque Fédérative du Crédit Mutuel, the Group's holding company, which also exercises the bank's financing and capital markets activities,
- Crédit Industriel et Commercial, the CIC Group's holding company and head bank for the network, which also exercises the investment, financing and capital markets activities,
- specialized institutions by business line.

The chart below presents a summary view of the Group's organization and breakdown by business line.



2.2 BFCM Group's business lines

Unless otherwise indicated, the figures reflect the contribution to the consolidated financial statements of BFCM Group in accordance with IFRS.

2.2.1 Retail banking

Retail banking is the BFCM Group's core business. It includes the BECM network, the CIC regional bank network, the CIC network in Ile-de-France, the CIC Iberbanco branches, the TARGOBANK Germany network, Cofidis Group, TARGOBANK Spain (formerly Banco Popular Hipotecario), Banque Casino and all the specialized activities for which the branch network handles product marketing: equipment leasing and leasing with purchase option, real estate leasing, installment vendor credit, factoring, fund management, employee savings.

(€ millions)	12/31/2011	12/31/2010	% change ¹
Net banking income	6,214	6,293	-2.3%
Gross operating income	2,535	2,602	-3.3%
Income before taxes	1,785	1,551	+15.1%
Net income	1,192	1,028	+15.9%

Retail banking recorded 3.5%¹ growth in customer loans, a €5.1 billion increase that put total outstanding at €141.5 billion. Deposits rose by 15.5% to more than €96.4 billion.

With €22.4 billion in gross outstanding loans, the new subsidiaries (TARGOBANK Germany, TARGOBANK Spain, Cofidis and Banque Casino) maintained their activity levels despite the new regulatory constraints and challenging economic environment.

Net banking income for the retail banking segment contracted by 2.3%¹ from €6,293 million in 2010 to €6,214 million last year.

General and administrative expenses fell by 1.5%¹ from €3,691 million to €3,679 million.

Net allocations to provisions for loan losses fell by a substantial 29.1%¹ to €781 million and income before tax rose by 15.1%¹ from €1,551 million to €1,785 million.

The banking networks

**Banque de l'Economie du Commerce et de la Monétique (BECM)*

BECM is a Group subsidiary that works alongside the Caisses de Crédit Mutuel branch network in the retail banking area and with the CIC network to jointly develop four large markets:

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

Thanks to its market positioning, BECM also manages on behalf of the Group the activities related to real estate professionals and large order-givers in the payments processing area.

BECM's activity now revolves around a nationwide network (27 companies branches, 10 real estate development branches, one landholdings branch and three wealth management branches), as well three branches in Germany and one in Saint-Martin (Dutch Antilles).

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

¹ Change at constant scope and currency

With the support of the Group's functional, logistics and production departments, BECM develops its activities in synergy with common and converging CM-CIC business lines and markets.

2011 was marked by two opposing and contrasting periods. During the first six months, BECM recorded steady growth in its business, only to see a reversal in the second half, as growth slowed from the effects of the sovereign debt crisis and its impact on financial markets.

In this unpredictable and uncertain environment, BECM continued to actively pursue growth in its activities around four main priorities:

- extension of the branch network through the creation in late 2010 and during 2011 of seven new branches (five in the company's market, including two in Germany, and two in the real estate development market),
- expansion of the client portfolio by increasingly focusing new client development efforts on parent companies and subsidiaries through a selective approach targeting companies operating on a European scale,
- coverage of client's financing needs consistent with changes in their markets and growth strategies while conducting a dynamic policy to collect deposits and ensure the proper balance between the use and source of funds in a market environment characterized by tight liquidity,
- priority support for companies' international activities to help their essential growth in foreign markets.

The pursuit of a deliberately aggressive policy in spite of the economic and financial uncertainties made it possible to record substantial growth in assets under management across all market segments in 2011, both in France and Germany.

These gains enabled BECM to reach net credit outstanding of €10.1 billion, up 11.2%. The strong growth in deposits (+58% to €2.9 billion) resulted from the network's collection efforts as well as the efforts to bring off-balance sheet financial savings back onto the balance sheet.

The Group generated €207 million in NBI through the favorable growth in marketing of its value-added services and products, up 1.4% from the previous year.

Net allocations to provisions for loan losses were lowered to 0.10% of credit outstanding. Net income totaled €90 million, up 7.8% from €83.5 million in 2010.

*** *Crédit Industriel et Commercial Group – “Retail banking” activity***

In 2011, the concerted efforts by all employees made it possible to optimally serve the needs of individuals, associations, professionals and companies.

The retail bank continued to improve the quality of its network, which now has 2,108 branches, including 31 newly created ones in 2011.

The growth in the retail banking network during the past year made it possible to:

- add 93,947 new clients (including 19,871 professionals and 2,005 companies), a 2% increase that brought the total to 4,462,041;
- increase credit outstanding by 3.3% to €99.3 billion (including 2% and 10.3% increases for home and equipment loans, respectively);
- increase deposits by 14.5% to €76.7 billion thanks to robust growth in term accounts;
- stimulate the property and casualty insurance business, with a 5.5% increase in the portfolio to 2,865,645 policies;
- post gains in the services activities (remote banking: +6.5% to 1,532,117 contracts, telephony: +31% to 304,635 contracts, theft protection: +9.6% to 60,207 contracts, electronic payment terminals: +3.2% to 99,041 contracts).

In 2012, CIC is pursuing:

- the commercial development of its network,
- enhancements to its products and services across all market segments,
- its goal of providing the best service to individuals, associations, professionals and companies,
- support for its clients' business needs as closely as possible.

As for its results, CIC's retail banking network generated NBI of €3,059 million (+0.4% relative to 2010). The sharp 41.7% drop in net allocations to provisions for loan losses largely offset the 1.3% increase in general and administrative expenses and enabled income before tax to rise by 12.1%, or €94 million, to €876 million. At end-2011, net income was up 14.2% to €578 million.

***CIC Iberbanco**

Despite the challenging economic and financial environment in 2011, CIC Iberbanco successfully took advantage of its integration within the Group and positioning as a “bank open to two worlds” to sharply ramp up its growth. The number of clients therefore increased by 9.9%, customer deposits rose by 7.5% and credit volume was up 25.7% in one year.

CIC Iberbanco has a network of 16 retail branches (individuals and professionals) located in Ile de France, the Lyon region and southern France (Bordeaux, Midi-Pyrénées and Languedoc Roussillon) as well as four companies branches and a real estate development branch. In 2011, major renovation and relocation efforts were made in this branch network to modernize and bring it up to current standards. These efforts will continue in 2012. The company will also undertake to strengthen its regional coverage through the creation of three new branches.

In 2011, CIC Iberbanco recorded a 17.7% increase in NBI to €16.5 million, while net income rose from €0.1 million in 2010 to €0.7 million.

***TARGOBANK Germany**

Whereas credit outstanding fell by €572 million in 2010, the new marketing campaigns made it possible to bring about a significant trend reversal starting in January 2011. Average daily production of individual loans totaled €10 million in 2011, a level not seen since July 2009.

This level – *up 20% relative to 2010* – made it possible to gradually rebuild the inventory of individual loan outstanding. Net credits reached a total of €10.0 billion as of December 31, 2011.

Meanwhile, the bank also worked steadily to improve its loan-to-deposit ratio, which ensures full refinancing independence for TARGOBANK Germany. To that end, the bank had to closely manage its client's rates in a highly competitive environment.

From a commercial standpoint, the bank focused on the quality of its service. A quality program was rolled out at all of the bank's departments – *in particular the branch network and back office* – to improve the efficiency of its processes and customer service. Customer satisfaction surveys already show promising signs. The bank is continuing its efforts in 2012 to further strengthen this favorable trend.

Lastly, in the first half of 2011, TARGOBANK Germany participated for the first time in the marketing of a BFCM loan. The amount reserved for the German market (€100 million, or one-fifth of the total) was fully sold.

Meanwhile, along with the three Banque de Luxembourg funds marketed since December 2009, TARGOBANK Germany has offered a selection of three funds managed by CM-CIC Asset Management since September 2011.

In 2011, net income rose by 32% to €264 million.

NBI contracted by €124 million to €1,344 million as a result of lower interest rates on loans offered to customers (promotions) and an increase in the cost of resources. Conversely, general and administrative expenses and net allocations to provisions for loan losses improved in 2011 by €117 million and €101 million, respectively, and offset the shortfall in net banking income.

In 2012, the bank's objective is to continue to develop its individual loan portfolio and generate higher NBI.

***TARGOBANK Spain**

TARGOBANK Spain, an all-purpose bank 50%-owned by BFCM (*), has a network of 124 branches in Spain with more than 235,000 clients at end-2011, of which more than 80% are individuals. TARGOBANK Spain has an installed base of 152 ATMs and manages more than 125,000 debit/credit cards.

Outstanding customer loans totaled €1 billion. Deposits stood at €766 million.

Net banking income totaled €41.6 million, while net income reached €10 million.

(* *Proportionally consolidated subsidiary, with a 50% contribution to the consolidated financial statements*)

Ancillary businesses

Consumer credit

**** Cofidis Participation Group***

Cofidis Participations Group designs, sells and manages a broad range of financial services such as consumer credit, payment solutions and banking services (current accounts, savings, online brokerage and investments). To that end it has three specialized company brands specializing in the sale of financial products and services:

- Cofidis, a European online credit specialist with offices in France, Belgium, Italy, Spain, Portugal, Czech Republic, Hungary and Slovakia;
- Monabanq, the next-generation online bank;
- Creatis, a specialist in consumer credit consolidation.

Cofidis Participation Group recorded €1,142 million in NBI as of December 31, 2011, down 7% relative to 2010. Net income was €135 million.

In light of the changing legislative and market environment, Cofidis Participations Group will continue to adapt its offer and competitive positioning to satisfy the needs of its clients in these main markets. The company will also focus on risk management in the months and years ahead.

**** Sofemo Group***

This company's activity remains focused primarily on installment payments as well as the development of vendor credits.

In 2011, new lending reached €750 million. Net customer loan outstanding rose by 10.5% from €1.05 billion to €1.16 billion.

Sofemo Group recorded a 2.6% increase in NBI to €67 million, while net income surged by 15.9% to €15.1 million.

****Banque Casino***

Banque Casino (*), jointly held 50-50 with Casino Group since July 2011, markets credit cards, consumer credit and insurance at 102 Casino hypermarkets and via the "Cdiscount" web site.

In 2011, new lending totaled €234 million and 63,500 new cards were distributed. At year-end, Banque Casino had 700,000 clients and credit outstanding of €269 million. Net banking income totaled €30.9 million.

() Proportionally consolidated subsidiary, with a 50% contribution to the consolidated financial statements*

Factoring and receivables assignment

On January 2, 2012, the merger of FactoCIC and CM-CIC Laviolette Financement created CM-CIC Factor, which centralizes the receivables financing and management business activities of the CM-CIC Group.

****FactoCIC***

As a Crédit Mutuel and CIC business center, Factocic provides short-term financing for companies in France and abroad.

In 2011, purchased receivables totaled €14.5 billion, up 15.8% from the previous year. Commercial production was nearly €3 billion, and gross credit outstanding totaled €2.4 billion.

The stepped-up cooperation with the partner banks, a key strategy, generated €20.2 million in commissions, of which €17.7 million to the CM10 and CIC networks.

Commercial production, which totaled nearly €3 billion, was based primarily on the *Orfeo* product line, which provides specialized receivables financing and management solutions to corporations and medium-sized businesses. Several syndication transactions with factors were also carried out.

Net banking income totaled €57.5 million, while net income was €9.8 million.

****CM-CIC Laviolette Financement***

As the business center for the assignment of disclosed receivables from professionals, CM-CIC Laviolette Financement continued its development with all partner banks.

With sound risk management and steady growth in commercial production, the company recorded a 17.5% increase in new payments in 2011 to €1.89 billion, a 17% increase in net banking income to €16.6 million after remittances to partner banks totaling €10.5 million, including €10.3 million to the CM10-CIC branch networks.

Net income totaled €2.5 million, up from €1.4 million in 2010.

Leasing

****CM-CIC Bail***

In a dynamic financing market, CM-CIC Bail recorded favorable results in 2011, as evidenced by the 20% increase in new nominal leasing volume. The number of lease agreements concluded totaled 109,200.

New leasing in the Crédit Mutuel and CIC networks increased by 17%, thanks to the efforts of the specialized sales force.

The merger with Sodelem bolstered the teams and competencies, accelerated the development programs of the various business lines and expanded the range of products and services.

The continuous improvements made to the IT system and processes provided the sales force with new applications and enhance productivity, thereby resulting in greater customer satisfaction.

Net income totaled €6.9 million in 2011.

****CM-CIC Lease***

In 2011, CM-CIC Group continued to develop and expand the professional real estate financing products and services available to clients through real estate leasing.

New financing agreements covered 308 properties, a 9.6% increase relative to 2010, for a total of €676 million, up 7.0% relative to the previous year.

CM-CIC Lease continued to focus on achieving additional productivity and quality gains in the implementation of lease agreements, and it also launched a major training program aimed at expanding the skills and efficiency of its teams.

The company recorded net income of €3.7 million.

Fund management and employee savings

****CM-CIC Asset Management***

CM-CIC Asset Management, the business center for the CM-CIC Group's asset management business, and the country's fifth-largest asset manager, was caught up in the same difficult market environment as its competitors. It was also affected indirectly by the Basel III reforms and higher taxes on financial investments. Both retail and company customers continued to move their savings toward the banking sector.

In 2011, CM-CIC AM's assets under management nevertheless contracted to a lesser extent than did those of the overall market, except in the money market category. This latter category was particularly hard hit by the outflow trend, given the historical importance of the Group's client base consisting of corporations and medium-sized businesses, institutions and associations.

However, the conservative choices made in securities and maturities selection, which resulted in steady overall performances, sustained the level of outstanding in the bond segment. This segment was also bolstered by the expansion of a target maturity fund line, which will continue in 2012. The fixed income management activity as a whole distinguished itself in 2011 by winning several awards, such as the Morningstar Fund Awards as the best "Broad Range Bonds" company for the second consecutive year.

Regarding equities, which accounted for 9.9% of overall outstanding as of December 31, 2011, the decline in outstanding was limited relative to the market despite the fact that this asset class fell out of favor. In this specialized and attractive fund category, which will continue to be promoted in 2012, CM-CIC AM has: small and mid cap funds, thematic funds such as Union Europe Growth (low volatility growth funds) or CMCIC Or et Mat (international fund invested in gold mines and commodities).

Finally, diversified mutual funds (OPCVM), which accounted for 14% of total assets as of December 31, 2011, recorded only a slight 3.26% contraction in outstanding, notably as a result of subscriptions of profiled funds by institutional clients.

The company's preferred client base remains that of the CM-CIC Group networks, be it customers from the retail banking, private banking or companies segments. Moreover, efforts to win new institutional clients met with success, thanks in particular to the numerous winning tenders. The distribution of products abroad was initiated by the Group's foreign subsidiaries, in particular through the TARGOBANK network in Germany.

Lastly, CM-CIC AM worked together with the CM-CIC Group's securities sector companies (CM-CIC Titres, CM-CIC Securities) to develop an integrated range of products aimed at asset management companies (CM-CIC Investor Services).

At end-2011, assets under management split between 632 funds totaled €51.2 billion, down 12% from the previous year. CM-CIC AM also served as an accounting services provider for 73 investment companies covering 307 mutual funds.

Net banking income totaled €50.7 million, while net income stood at €3.3 million.

***CM-CIC Epargne Salariale**

At end-December 2011, CM-CIC Epargne Salariale, the employee savings business center for Crédit Mutuel and CIC, had:

- €5,634 billion in assets under management, a 5.3% increase from the previous year despite the unfavorable impact of the financial markets;
- 58,376 companies clients, up 11.8% from the previous year;
- 1,415,595 employees with savings under management.

Employee savings collection was bolstered by the contribution of payments on new contracts as well as transfers from competitors. New employee savings production increased by 11% relative to 2010, while the number of contracts increased by 14%.

The companies market was dynamic, enabling an improvement in the rate of employee savings agreements under management. The administrative and financial management product line in the large and medium-sized companies segment was competitive.

Last year saw the roll out of new transaction monitoring services available to savers and, in the case of the sales network, expanded functional capabilities for steering the activity.

Remittances linked to employee savings received by the Group's networks (investment commissions and front-end loads) continued to increase. Net banking income increased by 28.8% to €23.1 million, while net income rose from €1.1 million in 2010 to €4.2 million last year.

Other

***Banque Fédérative du Crédit Mutuel – Depository function for Undertakings for Collective Investment (UCIs)**

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

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

In 2011, BFCM's depository activity was marked by:

- the controlled coverage of the General Work Plan (*Plan de Travail Général*), notably with respect to regulatory controls and controls aimed at securing the depository environment, in particular monitoring ratios, benchmarks and securities and banking reconciliation;
- the increased pooling of resources and improved operational organization in the CM-CIC Dépositaires environment, notably for developments, controls of assignors/service providers and in the legal area;
- application upgrades in conjunction with the IT departments in order to automate and secure controls;
- major regulatory compliance work in light of all the recent developments (French Monetary and Financial Code, AMF General Regulations, UCITS IV Directive);

- analysis of Key Investor Information Documents with the entry into force of the UCITS IV directive in July 2011 and also in that respect the review of the first funds marketed in Germany;
- the establishment of new depositary commission billing broken down into three components (asset custody, liabilities management, regulatory control);
- validation of the roles of the various entities participating in the employee savings domain of share issuance account-keeping;
- strict control of compliance with credit limits of funds managed by the Group's investment management companies. In that regard, the depositary participates regularly on the Credit Committee;
- the concerted approach with CM-CIC Securities (Issuer) in order to improve operational processing for private equity funds and communications with the management companies;
- further securing the environment for private equity firms that are outside CM-CIC Group.

At year-end 2011, BFCM was the depositary for 750 UCIs with total assets of €62.5 billion, essentially unchanged (+0.5%) from the previous year. This stable performance resulted on the one hand from the combined effects of the significant outflows from monetary UCIs and the declines recorded by equity funds on global stock markets, offset on the other by the increase in the FCT Home Loans programs.

The vast majority of UCIs held by BFCM are managed by Group management companies, namely CM-CIC Asset Management for general interest and employee savings UCIs, as well as CM-CIC Capital Privé, CM-CIC LBO Partners and CIC Mezzanine for private equity funds. BFCM is also the depositary for FCT Home Loans and UCIs for some 20 asset management companies that are not part of CM-CIC Group.

***Crédit Mutuel-CIC Home Loan SFH**

This company, formerly named CM-CIC Covered Bonds SA, chose to adopt the status of a home financing company (*Société de Financement de l'Habitat - SFH*) in 2011 in order to offer this new standard of quality and liquidity to its investor base.

Since the summer of 2011, the debt market tightened significantly as a result of the sovereign debt crisis. International investors were very reluctant to invest, notably in the European countries considered fragile. France gradually joined this list, and all French issuers suffered from this situation as a result.

This market's operating method was altered, as private transactions came to replace benchmark public offerings.

In this challenging environment, Crédit Mutuel-CIC Home Loan SFH was nevertheless able to issue more than €1.5 billion during the fourth quarter of 2011, mainly through offering top-ups.

Overall, 2011 results were nevertheless quite positive, since Crédit Mutuel-CIC Home Loan SFH successfully issued and placed €8.7 billion to an increasingly diversified investor base. More than 140 different investors purchased our securities during the year.

If the market environment allows, Crédit Mutuel-CIC Home Loan SFH plans to borrow an additional €9 billion in 2012, mainly in the form of covered bonds.

2.2.2. Insurance

CM-CIC Group's insurance activities are developed through the subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM) and in particular ACM Vie SA, Serenis Vie, ACM IARD SA, Serenis Assurances, Partners in Belgium and ICM Life in Luxembourg.

<i>(€ millions)</i>	12/31/2011	12/31/2010	% change
Net banking income	875	1,114	-21.4%
Gross operating income	544	767	-29.1%
Income before tax	587	764	-23.1%
Net income	414	595	-30.4%

Insurance revenues contracted by 11.7% to nearly €7.8 billion.

The 24.0% decline in the life insurance segment was partially offset by the robust 14.2% growth in the risk insurance segment. The growth in the auto and homeowners insurance segment outpaced the market average at +5.3% and +8.5% respectively. Personal insurance saw revenue gains of more than 20% thanks largely to borrower's insurance. Since January 1, 2011, the ACM companies also insure loans marketed by the Cofidis network.

Despite a significant decline in life insurance and annuity premiums, the net intake remained positive overall on the year, enabling insurance outstanding to increase by more than 2.8%.

In 2011, net premium income totaled €875 million, down from €1,114 million, after remittances to the retail networks totaling €1,006 million. Income before tax totaled €587 million, down from €764 million.

The decline in earnings was attributable in part to the contrast with the record earnings of 2010, which benefited from the change in the tax status on the capitalization reserve, and the contraction in insurance revenues, but also to the financial market situation and Greek debt crisis. This latter event is reflected in GACM's financial statements through impairment charges taken against assets and the fair value recognition of these assets in accordance with IAS 39 and IFRS 4.

Meanwhile, GACM recorded more than €80 million in net capital gains following the disposal of two of its subsidiaries (ICM Ré and EP Services). EP Services was sold to EP Surveillance, another BFCM Group company owned by Euro Information.

As part of CM-CIC Group's international diversification strategy, GACM accompanied the development of TARGOBANK's Spanish network with the creation of two subsidiaries, one life insurance and the other non-life insurance, and is studying other growth projects in Spain.

2.2.3. Corporate banking

Corporate banking includes the financing of large corporates and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and foreign branches.

<i>(€ millions)</i>	12/31/2011	12/31/2010	% change
Net banking income	485	456	+6.2%
Gross operating income	401	376	+6.7%
Income before tax	369	341	+8.3%
Net income	240	236	+1.8%

Corporate banking customer loans increased by 3.1% to €15.5 billion. This business also manages €4.5 billion in deposits. Net banking income rose by 6.2% from €456 million to €485 million in 2011, while the net allocations to provisions for loan losses contracted by 8.7% from €35 million to €32 million during the same period.

Income before tax rose by 8.3% to €369 million.

Large accounts: corporates and institutional investors

Overall, the banking sector experienced significant changes:

- tight liquidity as a result of highly restrictive behavior by the main interbank market participants,
- the lack of access to U.S. dollar financing, resulting in a virtual withdrawal of European banks,

- the burden of new regulations, with the introduction as part of Basel III of new liquidity ratios (LCR and NSFR) and solvency ratios over the 2015-18 period.

In this much more challenging environment, and in particular during the second half of the year, CM-CIC Group continued to support its clients as it has done during the successive crises since 2007.

For the lending business, the first half of 2011 was marked essentially by refinancing transactions. Large corporates continued their de-leveraging and disintermediation by turning more to the bond and commercial paper market. The Large Accounts teams strengthened their presence in these two activities, notably by participating in major transactions.

The sovereign debt crisis that began in the summer of 2011 put an end to financing transactions, as corporates adopted a wait-and-see approach in light of the market volatility and spread tensions.

Thanks to its highly active commercial policy and financial strength, which is recognized and valued by large corporate customers, CM-CIC Group recorded increased deposits by taking advantage of the growing net cash positions of companies and institutional investors.

In terms of payments processing, another key growth avenue, CM-CIC Group strengthened its electronic payment business with large remitters, drawing on its technological developments (contactless payments and telephony) and its cross-border approach. CM-CIC Group also supported its clients in the area of regulatory and technical change (SEPA, discontinuation of ETEBAC, etc.). Finally, the consolidation of the “Corporate payments” teams and the sales force into a single platform further strengthened the quality of service.

Specialized financing

Specialized financing consists of the following activities:

Acquisition financing

CM-CIC Group supports its clients in their company transfers, acquisitions and growth plans by providing its expertise and know-how in the structuring of appropriate financing.

The sales activity was sustained, and despite higher liquidity costs, new transactions were successfully completed while maintaining a favorable risk/return profile. The Group sought to maintain a balanced position for the various types of transactions (corporate acquisitions, transactions with a financial “sponsor”, family asset and wealth transfers).

Asset financing

In line with 2010, the overall market situation made it possible to complete transactions with a still favorable risk/return profile and continued high margins. Lower margins on the highest-rated counterparties was observed toward year-end as a result of competition from banks with access to U.S. dollar financing. Financing transactions with preferred tax treatment made a significant contribution to commission income, notably transactions with China.

Project financing

The team participated in tenders and competitive bidding initiated by large corporates that are CM-CIC clients and offered its support to corporate clients of the regional banks. The team was mainly active on the arrangement side for French projects (generally serving as agent) and in a secondary capacity outside France.

International activities and foreign branches

The main axis of CM-CIC Group’s strategy abroad consists of supporting clients with their international development by offering a diversified line of products and services adapted to each company's needs.

Through CIC Développement International, CM-CIC Aidexport and the CIC branches located in London, New York, Singapore, Hong Kong and Sydney, CM-CIC Group has the tools to fulfill this goal.

Support for clients doing business in other countries is also provided through strategic partnerships: in China with Bank of East Asia; in the Maghreb region with Banque Marocaine du Commerce Extérieur and Banque de Tunisie; in Italy with Banca Popolare di Milano; and in Spain with TARGOBANK and Banco Popular.

2.2.4. Capital markets activities

BFCM and CIC have consolidated their capital markets activities under one roof, CM-CIC Marchés, with a single management team. CM-CIC Marchés carries out the CM-CIC Group refinancing and commercial and proprietary trading activities from offices in Paris and Strasbourg, as well as through branches in New York, London, Frankfurt and Singapore. These transactions are recognized on two balance sheets, that of BFCM for the refinancing business and that of CIC for the commercial and proprietary trading activities.

The capital markets activities also include stock market intermediation, which is provided by CM-CIC Securities.

<i>(€ millions)</i>	12/31/2011	12/31/2010	% change
Net banking income	401	618	-35.1%
Gross operating income	228	436	-47.7%
Income before tax	112	440	-74.6%
Net income	61	355	-82.8%

In 2011, this activity recorded net banking income of €401 million, down from €618 million the previous year. Net allocations to provisions for loan losses totaled €116 million compared with a net reversal (income) of €4 million in 2010. Income before tax fell from €440 million in 2010 to €112 million last year after recording €154 million in impairment charges on Greek sovereign debt securities.

Refinancing

The debt market was marked by contrasting trends in 2011:

- the first seven months saw robust offering activity and, more generally, robust volumes of medium- and long-term capital raised, thanks largely to demand for long-term investments from life insurance companies. Thus at end-July, the volume of funds raised totaled nearly €15 billion, or 73% of the total long-term borrowings for the year (€20.4 billion).
- starting in August, the environment deteriorated sharply following Standard & Poor's downgrading of the United States' "AAA" credit rating and the aggravation of the sovereign debt crisis in the euro zone. The sudden shortfall in short-term U.S. dollar liquidity from U.S. money market funds in September had only a limited impact on CM-CIC Group given its limited dependency on U.S. dollar resources.

In 2011, CM-CIC Group continued efforts to reduce its capital market indebtedness and bolster its liquidity. It improved its loan-to-deposit ratio and conducted a regular bond offering program aimed at its clients. Four BFCM issues totaling €1,910 million were placed through the Crédit Mutuel-CIC networks, and for the first time, in June, to TARGOBANK Germany's clients:

- March: €250 million at five years and 4.10%;
- April: €250 million at three years and 3.60%;
- June: €410 million at 5.3 years and 4.0%;
- December: €1 billion at seven years and 5.30% (redeemable subordinated notes).

The strategy consisting of favoring long-term debt over money market financing continued apace, resulting in a 37%/63% breakdown of short-term vs. long-term financing last year, compared with a 50%/50% split at end-2010.

Leading international investors confirmed their trust in the Group, as evidenced by their growing participation in BFCM and Crédit Mutuel-CIC Home Loan SFH offerings. For example, the JPY 27 billion "Samurai" offering subscribed in July was the first by Japanese institutional investors.

Lastly, the holding of a substantial buffer of ECB-eligible assets, covering refinancing needs over the next 12 months year on year substantially improved the Group's liquidity situation.

Other noteworthy developments in 2011 included the following:

- the exercise in December of the issuer's call on a €1 billion BFCM subordinated issue;
- the early repayment (tender) of 70% of a BFCM hybrid Tier 1 issue. Nearly 33%, or €197 million, was contributed to the offering; the vast majority of investors therefore opted to forgo the early repayment, thereby expressing their trust in the Group's future.

Commercial trading

With sales staff located in Paris and in France's large regional cities – for network and large corporate clients – the trading floor offers its domestic and other European clients, including some individuals, an advisory and listing service in foreign exchange, fixed income and investment products.

The commercial trading business includes a unique and high-performance line of investment products, which are derived directly from the Group's expertise in proprietary trading.

Proprietary trading

In 2011, economic markets were subjected to the increasing effects of the sovereign debt crisis.

In a very volatile and uncertain environment during the second half, positions were carefully managed and often substantially reduced, notably for the most exposed countries.

The impact of the events on proprietary trading results remained modest, and although these results had contracted in 2010, they remained at a generally satisfactory level, both in France and in New York.

The performances of the alternative products offered to clients and derived from proprietary trading held up reasonably well and the volume of outstanding increased.

Stock market intermediation

CM-CIC Securities, a trader, clearer and account depository/custodian, covers the needs of institutional investors, private investment firms and companies.

As a member of ESN LLP, a multi-local network comprising 10 intermediaries present in 12 European countries (Germany, the Netherlands, Belgium, Great Britain, Ireland, Finland, Italy, Spain, Portugal, Greece, Cyprus and France) and the majority shareholder of ESN North America (United States, Canada), it can trade on behalf of its clients in all European and North American equity markets as well as in numerous emerging markets.

CM-CIC Securities has 30 analysts and strategists based in France, a sales force of 38 people in Paris, Lyon and Nantes, four in London (branch started up in 2010) and eight in New York (ESN North America). It also has a sales force of five people for index derivatives, equities and agricultural commodities (Prévisis coverage offered to farmers for their wheat, canola and corn harvests) and eight sales staff and traders for traditional and convertible bonds.

CM-CIC Securities also organizes company services, road shows and conferences in France and abroad; it exercises a depository/custodian function on behalf of 115 asset management companies and administers 26,975 retail and 272 mutual fund accounts with a total of €15 billion in assets.

Through its CM-CIC Corporate department, CM-CIC Securities is the business center for the CM-CIC Group's financial transactions. Partnership agreements with all ESN members have expanded its "stock market transaction" and "mergers/acquisition" activities to the rest of Europe. Lastly, the department also provides issuer services (financial communications, liquidity agreements and stock repurchases, financial secretariat and securities service).

In 2011, CM-CIC Securities recorded net banking income of €54.3 million.

2.2.5. Private banking

The private banking segment develops know-how in financial and wealth management, which is offered to the families of business owners and private investors, and includes companies focusing in this area. These companies operate in France through CIC-Banque Transatlantique and Dubly-Douilhet SA as well as abroad through the subsidiaries Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, Banque Transatlantique Belgium, Banque Transatlantique Londres, Banque Pasche and CIC Private Banking in Singapore.

<i>(€ millions)</i>	12/31/2011	12/31/2010	% change
Net banking income	431	404	+6.8%
Gross operating income	115	84	+36.1%
Income before tax	85	71	+21.1%
Net income	68	62	+9.2%

These entities manage deposits of €14.6 billion and loans of €7.1 billion. Savings managed and held in custody total €66.1 billion.

Net banking income increased by 6.8% to €431 million in 2011 (compared with €404 million the previous year) thanks to a robust 21% increase in net interest income and stable commission income. The latter accounted for 53.6% of total net banking income.

Non-recurring expenses related to provisions established for Greek sovereign debt accounted for a €44 million decrease in income before tax. Despite these factors, the business segment is financially very sound, as income before tax totaled €85 million in 2011, up 21% from €71 million the previous year.

*** *Banque Transatlantique Group***

In 2011, net banking income rose by 4.7% to €92.9 million, and income before tax increased by 48.4% to €32 million. Net interest income increased by 15.2%.

As of December 31, 2011, Banque Transatlantique's assets under management reached a record level of €12 billion.

CIC Banque Transatlantique Paris

This bank turned in a favorable performance, with gains in the number of clients (+9.4%) and in net banking income (+4%).

General and administrative expenses remained in check, rising by 1.5% and income before tax increased by 17.9% to €16.6 million.

Banque Transatlantique Belgium

In 2011, the Belgian subsidiary recorded a continued increase in assets under management, up 31% to €1.9 billion. Net banking income advanced by 19.9% to €10.5 million and income before tax jumped 15.2% to €5.9 million.

Even after booking 50% of the expenses on the upcoming IT migration, this subsidiary recorded a 15.7% increase in net income to €4.2 million during its sixth year of operations.

Banque Transatlantique Luxembourg

The Luxembourg subsidiary maintained a steady level of assets under management and profitability, despite the unfavorable stock market environment. Net banking income increased by 12.9% to €6.9 million.

The bank focused on bolstering its commercial resources, notably by adding to the wealth management department teams, which will be facilitated by the migration to a common IT platform for the private banking entities abroad, roll-out of which began in 2011.

Transatlantique Gestion

In continuing the efforts to consolidate asset management subsidiaries, Transatlantique Gestion and GPK Finance merged in 2011.

In a very volatile stock market, the company continued to grow, with net banking income of €17.5 million.

****Dubly-Douilhet***

Investment products offered by Dubly-Douilhet, an investment firm specializing in discretionary portfolio management for high-net-worth clients in northern and eastern France, fared well despite the crisis in 2011. Short-term market interest rates improved.

Net banking income rose by 36.6% to €9.1 million while net income surged from €1 million in 2010 to €3.2 million last year.

****Banque CIC (Suisse)***

The bank established a branch in Sion at the beginning of the year in order to expand its growth. This brings the number of points of sale to nine, and the more than century-old company now covers all of the country's language regions.

As both a private and commercial bank, it primarily serves business owners and their companies. Its business model and roots within the CM-CIC Group enable it to offer a comprehensive line of services in a personalized context focused on the needs of its clients.

Net banking income and net income totaled €69.4 million and €2.9 million, respectively.

****Banque de Luxembourg***

As the CM-CIC Group's international private banking center of expertise, Banque de Luxembourg stabilized its activity and earnings despite the substantial negative impact of the financial crisis.

Net banking income increased by 11.0% to €214 million. Net income remained stable overall at €55.6 million.

***CIC Private Banking – Banque Pasche**

This bank, which does business in more than 70 countries with a line of open-architecture products and services, demonstrated the relevance of its business model in 2011.

Net banking income totaled €34.2 million.

*** CIC Singapore and CICIS Hong Kong branch**

Since 2002, CIC has exercised its Asian private banking business from Hong Kong and Singapore, financial centers that in the near term are seeking to become market leaders in this industry.

The first eight months of 2011 were marked by good business volume, as investors returned to equity and bond markets. Toward year-end, however, the acceleration in the liquidity crisis that hit the European banks caused business to come to a standstill.

Overall, assets under management remained stable and CIC continued to improve the quality of its teams and advisors.

2.2.6. Private equity

Proprietary private equity is a key pillar of our commercial strategy, enabling us to support efforts to bolster shareholders' equity, notably on behalf of clients of the Crédit Mutuel and CIC networks over medium- and long-term periods. As of January 1, 2011, the entities performing this activity (CIC Finance, CIC Investissement, CIC Banque de Vizille et IPO) were consolidated within the CM-CIC Capital Finance division in order to achieve greater efficiency and better service.

The regional offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg ensure close ties with our clients.

<i>(€ millions)</i>	12/31/2011	12/31/2010	% change
Net banking income	93	191	-51.3%
Gross operating income	59	155	-61.9%
Income before tax	59	155	-61.8%
Net income	57	153	-62.6%

Last year was a complicated one with a turbulent market environment. The first half started out well, both in terms of investment transactions and financial engineering fees. The trend reversal beginning in the summer led CM-CIC Capital Finance to adapt its investment strategy to the deterioration in the economic environment and step up the pace of its disposals, notably for its listed portfolio.

2011 was nevertheless a year of significant proprietary investment activity, with €380 million invested in more than 170 transactions, including nearly two-thirds in growth capital and a major portion of reinvestments in existing portfolio lines and with larger single investment amounts. The main investments involved NGE/TSO (€60 million), Altrad (€30 million), FIBI/Aplix (€28 million) and Piper Heidsieck (€23 million). CM-CIC Capital Innovation, the subsidiary that specializes in venture capital for the tech sector, invested €8 million in Antidot, Intersec and Starchip among others.

Portfolio turnover was also high, with disposals totaling €319 million in nominal value, including €122 million in capital gains (including provision write-backs on disposals), demonstrating the quality of the investment lines and the resilience of CM-CIC Capital Finance's business model. The main divestments involved Unither Pharmaceuticals, Biomérieux, Gores Broadband/Sagem Com, Akka Technologies, Kwik-Fit, Financière Courtepaille, Comhem, Babeau-Seguin, Vanalliance and Normandy Développement.

As of December 31, proprietary assets under management represented €1.8 billion (including €78 million in innovation capital) on more than 575 equity investments and some investment funds. This portfolio generated €42.6 million in revenues through dividends and interest, an increase relative to 2010.

However, the scale of the disposals and the economic and financial downturn in the second half did not make it possible to rebuild the level of unrealized capital gains by year-end, which negatively affected net income under IFRS. In the third-party management area, CM-CIC Capital Privé finalized a new round of fund-raising – a local investment fund (FIP) and innovation investment fund (FCPI) – totaling €38 million and invested €48 million. Assets under management amounted to €398 million at year-end, following the partial distribution of €33 million to subscribers for the 2003, 2004 and 2005 funds.

CM-CIC LBO Partners completed two major investments totaling €40 million in AMS and Lefebvre Software. The disposal at end-2011 of Emeraude, with an exit multiple of 3x, confirmed the very favorable performance of the CIC LBO Fund's portfolio.

The mergers and acquisitions advisory business also performed well, with seven investment mandates finalized during the year.

Net banking income for CM-CIC Capital Finance and its subsidiaries totaled €93 million as of December 31, 2011, compared with €191 million in 2010, and income before tax was €59 million, down from €155 million in 2010.

Chapter III

CORPORATE GOVERNANCE

3.1 Membership of the Board of Directors

The legal provisions related to the composition of the Board of Directors and terms of office of its members are presented in Chapter 3.2.

As the establishment of the CM10 partnership would normally require the appointment of representatives from the new entities to our various boards, the membership of BFCM's Board of Directors was altered as it was not possible to add five new members, since the maximum number of directors allowed is 18.

In order to facilitate these new additions, the Board of Directors meeting of April 8, 2011 took note of Robert Laval's and Fernand Lutz's termination of their respective board terms on this same day, and as a result decided to appoint them non-voting members for a three-year period, also effective on this day.

The Ordinary General Meeting of Stockholders of May 11, 2011 ratified the appointments of Etienne Grad and Fernand Lutz to replace Marie-Paule Blaise and Pierre Neu as members of the Board of Directors for the remainder of their terms of office; the terms of office of Roger Danguel, Jean-Louis Girodot and Gérard Oliger were renewed for a period of three years.

That Extraordinary General Meeting of Stockholders that followed took note of the termination by Robert Laval and Fernand Lutz of their Board terms of office effective April 8, 2011 and appointed François Duret, Pierre Filliger, Eckart Thomä and Michel Vieux to the Board of Directors for three-year terms.

The Board of Directors meeting that followed the Extraordinary General Meeting of Stockholders renewed Michel Lucas' appointment as Chairman and Chief Executive Officer for the remainder of his term of office as a director, i.e. until May 2013.

The Board of Directors meeting of July 1, 2011 appointed Marie-Hélène Dumont, René Barthalay, Alain Demare, Jacques Pages and Alain Tessier as non-voting directors for a period of three years.

The report required under Article L225-37 of the French Commercial Code on the Board's organization and operation as well as the internal control and risk management procedures appears in the appendix.

In addition, Marc Bauer, Christian Klein and Nicolas They were appointed Chief Operating Officers.

As usual, the Ordinary General Meeting of Stockholders did not vote for board attendance fees. As a result, the Board of Directors did not pay any attendance fees to its members in 2011.

□ **Summary table of the membership of the Board of Directors**

Director's name	Position	Date of initial appointment	Expiration date of current board term	Representative
Michel Lucas	Chairman and CEO	09/29/1992	12/31/2012	Daniel Leroyer
Jacques Humbert	Vice Chairman	12/13/2002	12/31/2011	
Jean-Louis Boisson	Director	12/17/1999	12/31/2011	
Gérard Bontoux	Director	05/06/2009	12/31/2011	
Maurice Corgini	Director	06/22/1995	12/31/2011	
Gérard Cormoreche	Director	05/16/2001	12/31/2012	
Roger Danguel	Director	12/13/2002	12/31/2013	
François Duret	Director	05/11/2011	12/31/2013	
Pierre Filliger	Director	05/11/2011	12/31/2013	
Jean-Louis Girodot	Director	05/22/2002	12/31/2013	
Etienne Grad	Director	12/17/2010	12/31/2012	
Jean Paul Martin	Director	12/13/2002	12/31/2012	
Gérard Oliger	Director	12/15/2006	12/31/2013	
Albert Peccoux	Director	05/03/2006	12/31/2011	
CFCM Maine Anjou et Basse Normandie	Director	07/04/2008	12/31/2011	
Alain Tetedoie	Director	10/27/2006	12/31/2011	
Eckart Thomä	Director	05/11/2011	12/31/2013	
Michel Vieux	Director	05/11/2011	12/31/2013	

Non-voting directors:

René Barthalay, Yves Blanc, Michel Bokarius, Gérard Chappuis, Alain Demare, Marie-Hélène Dumont, Monique Groc, Robert Laval, Fernand Lutz, Jacques Pages, Alain Teissier, Daniel Schlesinger.

3.2 Information regarding the members of the Board of Directors

3.2.1 List of terms of office and functions exercised in 2011

(Article L 225-102-1 of the French Commercial Code)

Michel Lucas, Chairman and Chief Executive Officer

Born May 4, 1939 in Lorient (56)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman and Chief Executive Officer: Carmen Holding Investissement – Crédit Industriel et Commercial

Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel - Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel IARD SA – Assurances du Crédit Mutuel Vie SAM – Banque du Crédit Mutuel Ile-de-France – International Information Developments – Direct Phone Services – Républicain Lorrain – Est Républicain – Dernières Nouvelles d'Alsace

Chairman: Crédit Mutuel Cartes de Paiements – Europay France

Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Euro Information Production (GIE) – CM-CIC Capital Finance - Fonds de Garantie des Dépôts

Vice Chairman of the Supervisory Board: CIC Iberbanco – Banque de Luxembourg (Luxembourg)

Member of the Board of Directors: ACMN IARD – ASTREE (Tunis) – Assurances Générales des Caisses Desjardins (Quebec) – Banque de Tunisie (Tunis) – Banque Marocaine du Commerce Extérieur - CIC Banque

Transatlantique – Banque Transatlantique Belgium (Brussels) - Caisse de Crédit Mutuel “Grand Cronenbourg” - CRCM Midi-Atlantique - Crédit Mutuel Paiements Electroniques – CIC Lyonnaise de Banque – SOFEDIS – Dauphiné Libéré – Safran.

Member of the Supervisory Board: CM-CIC Asset Management – Manufacture Beauvillé – CM-CIC Services (GIE)

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

Jacques Humbert, Vice-Chairman of the Board of Directors

Born July 7, 1942 in Patay (45)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

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

Permanent representative of ADEPI on the Board of Directors of GACM – **of BFCM** on the Board of Directors of Crédit Industriel et Commercial

Jean-Louis Boisson, Member of the Board of Directors

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

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

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

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

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

Member of the Supervisory Board: EI Production

Gérard Bontoux, Member of the Board of Directors

Born March 7, 1950 in Toulouse (31)

Professional address

Crédit Mutuel Midi-Atlantique

6, rue de la Tuilerie – 31112 Balma Cedex

Other duties and functions:

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

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

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

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

Maurice Corgini, Member of the Board of Directors

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

Professional address

Fédération du Crédit Mutuel Centre Est Europe
34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

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

Co-Managing Partner: Cogithommes Franche-Comté

Gérard Cormoreche, Member of the Board of Directors

Born July 3, 1957 in Lyon (69)

Professional address

Crédit Mutuel du Sud-Est

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

Other duties and functions:

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

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

Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel – Société des Agriculteurs de France – Cautionnement Mutuel de l'Habitat

Vice-Chairman of the Board of Directors: MTRL – Confédération Nationale du Crédit Mutuel

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

Non-voting member: Crédit Industriel et Commercial

Managing Partner: Scea Cormoreche Jean-Gérard – Sàrl Cormoreche

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

Roger Danguel, Member of the Board of Directors

Born August 3, 1946 in Sélestat (67)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

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

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

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

François Duret, Member of the Board of Directors

Born March 18, 1946 in Chartres (28)

Professional address

Fédération du Crédit Mutuel du Centre

105 Faubourg Madeleine 45920 Orléans Cedex 9

Other duties and functions:

Chairman: Fédération Régionale des Caisses du Crédit Mutuel du Centre – Caisse Régionale de Crédit Mutuel du Centre – Caisse de Crédit Mutuel Agricole du Centre - Caisse de Crédit Mutuel d'Auneau (Eure et Loir) - Soderec

Vice-Chairman: Syndicat Agricole du Dunois.

Member of the Board of Directors: Banque Fédérative du Crédit Mutuel – CICM

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique
Vice-Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel
Permanent Representative: of Caisse Régionale de Crédit Mutuel du Centre on the Board of Directors of Caisse Centrale de Crédit Mutuel and of ACM Vie SAM and Caisse de Crédit Mutuel Agricole – of Caisse Régionale du CMC as Chairman of the Supervisory Board of Soderec
Managing Partner: Earl La Mare de Sermonville (farm)
Elected representative: Eure-et-Loir Chamber of Agriculture

Pierre Filliger, Member of the Board of Directors

Born November 27, 1943 in Rixheim (68)

Professional address

Fédération du Crédit Mutuel Méditerranéen

494 avenue du Prado BP 115 – 13267 Marseille Cedex 08

Other duties and functions:

Chairman: Fédération du Crédit Mutuel Méditerranéen – Caisse Régionale du Crédit Mutuel Méditerranéen - Camefi local Caisse – Marseille Prado local Caisse - the Crédit Mutuel Méditerranéen local Caisses being created.

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

Permanent representative: of Crédit Mutuel Méditerranéen to Assurances du Crédit Mutuel (Vie SAM) and to CICM

Jean-Louis Girodot, Member of the Board of Directors

Born February 10, 1944 in Saintes (17)

Professional address

Crédit Mutuel Ile-de France

18, rue de la Rochefoucault 75439 Paris Cedex 09

Other duties and functions:

Chairman of the Board of Directors: Fédération des Caisses de Crédit Mutuel d'Ile de France - Caisse Régionale du Crédit Mutuel d'Ile-de-France – Caisse de Crédit Mutuel de Paris Montmartre Grands Boulevards – of several Crédit Mutuel Caisses during their start-up phase

Chairman: Comité Régional pour l'Information Economique et Sociale (CRIES)

Vice Chairman: Chambre Régionale de l'Economie Sociale et Solidaire d'Ile-de-France (CRIES IDF) - AUDIENS – Coopérative d'information et d'Édition Mutualiste (CIEM)

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

General Secretary: Fédération Nationale de la Presse Spécialisée (FNPS)

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel – Crédit Industriel et Commercial – AFDAS

Member of the Supervisory Board: Euro Information Production

Permanent Representative of Caisse Régionale du Crédit Mutuel Ile-de-France on the Board of Directors of ACM Vie SAM – of FNPS on the *Commission Paritaire des Publications et Agences de Presse*

Etienne Grad, Member of the Board of Directors

Born December 26, 1952 in Illkirch Graffenstaden (67)

Professional address: Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg – SAS GRAD Etienne Conseil et Développement

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

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

Managing Partner: SCI Lemillion

Daniel Leroyer, permanent representative of CFCM Maine-Anjou et Basse-Normandie, Member of the Board of Directors

Born April 15, 1951 in St Siméon (61)

Professional address:

Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse Normandie

43 boulevard Volnay 53000 Laval

Other functions exercised by Daniel Leroyer

Chairman of the Board of Directors: Fédération du Crédit Mutuel de Maine-Anjou Basse Normandie – Caisse Fédérale du Crédit Mutuel Maine-Anjou Basse Normandie – Caisse Générale de Financement (CAGEFI) – Créavenir (Association) – Caisse de Crédit Mutuel du Pays Fertois – Caisse de Crédit Mutuel Solidaire de Maine-Anjou Basse Normandie

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel - SAS Assurances du Crédit Mutuel Maine-Anjou Basse Normandie – Crédit Industriel et Commercial

Member of the Executive Committee: Fondation du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie: Member of the Board of Directors of CLOE Services GIE, of Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse Normandie on the Board of Directors of SAS Volney Développement and of Groupe des Assurances du Crédit Mutuel

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

Chairman of the Board of Directors: SAS Assurances du Crédit Mutuel Maine – Anjou – Normandie

Member of the Board of Directors: Caisse Centrale du Crédit Mutuel – Assurances du Crédit Mutuel IARD SA – Crédit Mutuel Paiements Electroniques CMPE - CM-CIC Epargne Salariale – CM-CIC Bail – SAS Océan Participations – GIE Cloe Services – Mayenne Logis Groupe CIL 53 – Logis Familial Mayennais Groupe CIL 53

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

Member of the Management Committee: Euro Information SAS

Managing Partner: Sidel SNC

Jean-Paul Martin, Member of the Board of Directors

Born October 22, 1939 in Metz (57)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

Member of the Supervisory Board: Targo Deutschland GmbH – Targo Management AG – TARGOBANK AG – CM Akquisitions GmbH

Gérard Oliger, Member of the Board of Directors

Born July 7, 1951 in Bitche (57)

Professional address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

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

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

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

Albert Peccoux, Member of the Board of Directors

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

Professional address

Crédit Mutuel Savoie-Mont Blanc

96, avenue de Genève BP56 74054 Annecy Cedex

Other duties and functions:

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

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

Permanent Representative of CRCM Savoie-Mont Blanc on the Board of Directors of *ACM VIE SAM*

Alain Tetedoie, Member of the Board of Directors

Born May 16, 1964 in Loroux Bottereau (44)

Professional address

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

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

Other duties and functions:

Chairman: CM-CIC Immobilier SAS - Fitega – Fiterra

Chief Executive Officer: Nanteurop

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

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

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

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

Vice-Chairman of the Supervisory Board: BMCE

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

Permanent Representative of Fédération du Crédit Mutuel LACO to the Chairmanship of Investlaco – of Caisse Fédérale de Crédit Mutuel LACO on the Board of Directors of ACM Vie – of EFSA on the Board of Directors of Banque *CIC Ouest* – of Ufigestion 2 on the Board of Directors of CM-CIC Bail

Eckart Thomä, Member of the Board of Directors

Born November 9, 1938 in Stuttgart (Germany)

Professional address

Fédération du Crédit Mutuel de Normandie

17 rue du 11 novembre 14052 Caen Cedex

Other duties and functions:

Chairman of the Board of Directors: Fédération du Crédit Mutuel de Normandie – Caisse Régionale de Crédit Mutuel de Normandie - Caisse de Crédit Mutuel de Caen Centre – Créavenir – Norfi

Chairman of the Supervisory Board: Targo Deutschland GmbH– Targo Management AG – TARGOBANK AG – CM Acquisitions GmbH

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

Member of the Supervisory Board: BECM

Permanent representative of Caisse Régionale du Crédit Mutuel de Normandie on the Board of Directors of GACM – of Fédération du Crédit Mutuel de Normandie on the Board of Cloé Services GIE and on the Board of Centre International du Crédit Mutuel (CICM)

Michel Vieux, Member of the Board of Directors

Born April 12, 1951 in Gap (05)

Professional address

Fédération du Crédit Mutuel Dauphiné Vivarais

130-132 avenue Victor Hugo 26009 Valence Cedex

Other duties and functions:

Chairman of the Board of Directors: Fédération du Crédit Mutuel Dauphiné-Vivaraais

Vice-Chairman: “La Cascade” Association

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

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

Alain Fradin, Deputy Chief Executive Officer

Born May 16, 1947 in Alençon (61)

Professional address:

Banque Fédérative du Crédit Mutuel

34 rue du Wacken 67000 Strasbourg

Other duties and functions:

Chairman and Chief Executive Officer: CM-CIC Bail

Chairman: CIC Migrations

Chairman of the Board of Directors: TARGOBANK Spain

Chairman of the Supervisory Board: CIC Iberbanco – Cofidis - Cofpart

Vice-Chairman of the Supervisory Board: TARGOBANK Deutschland GmbH –TARGOBANK AG – Targo Management AG – CM Akquisitions GmbH

Chief Executive Officer: Confédération Nationale du Crédit Mutuel – Caisse Centrale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel - Fédération des Caisses du Crédit Mutuel du Sud-Est - Caisse de Crédit Mutuel du Sud-Est

Chief Operating Officer: Crédit Industriel et Commercial

Member of the Board of Directors: Boréal - CM-CIC Titres - Sofémo Group - Banque du Crédit Mutuel Ile-de-France – Banco Popular Spain

Member of the Management Committee: Euro-Information – Bischenberg – NRJ Mobile

Member of the Supervisory Board: CM-CIC Services - Eurafric Information

Permanent Representative of CCCM (director *CM-CIC AM*) – of CIC (Management Committee *Euro GDS*) – of CIC Participations (director of *CIC Nord-Ouest* – director of *CIC Ouest*) – of Groupement des Assurances du Crédit Mutuel (director of *Sérénis Vie*)

3.2.2 Remuneration of officers and directors

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

Guidelines

The Crédit Mutuel Group signed a framework agreement with the French government on various refinancing measures for credit institutions. In that context, the Group has made several commitments in the areas of its bylaws, remuneration and commitments for company officers and directors, which are in addition to legal and regulatory requirements. Decisions had been taken on this matter by BFCM's Board of Directors at its meeting on December 19, 2008 and by the Supervisory Board at its meeting on February 26, 2009.

As a result of the changes to CIC's governance methods and to officers and directors of CIC and BFCM, the respective Board meetings of the two companies – May 11, 2011 and July 1, 2011 for BFCM and May 19, 2011 for CIC – defined new remuneration policies for these officers and the commitments made on their behalf.

This remuneration and the commitments were set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees.

Directors who do not exercise management functions – in other words all directors with the exception of the Chief Executive Officer – do not receive attendance fees or remuneration of any kind.

Implementation

Officers and directors affected by the new policies through May 19, 2011 included the Chairman of the Supervisory Board and the members of the Executive Board.

After that date, the officers and directors affected include the Chairman and Chief Executive Officer and Chief Operating Officer.

The Chairman and Chief Executive Officer does not have an employment agreement, and the employment agreement of the Chief Operating Officer was suspended effective May 1, 2011.

Acting on the recommendation of the Remuneration Committee, the May 19, 2011 meeting of the CIC Board of Directors decided to make an annual payment of €550,000 to Michel Lucas as remuneration for his term of office as Chairman and Chief Executive Officer. The Board also voted to pay Michel Lucas in the event his term of office is terminated, with the amount of this payment set at one year's remuneration for his service as an officer and director. The termination payment is subject to the achievement of a performance objective, which is pegged to an increase in the Group's IFRS-compliant overall consolidated equity for the period from January 1, 2011 to the termination date. This agreement regarding the termination of employment will be submitted to CIC's May 24, 2012 General Meetings of Stockholders for approval, following a special report of the statutory auditors.

Acting on the recommendation of the Remuneration Committee, BFCM's Board of Directors meeting of July 1, 2011 decided to pay Michel Lucas the gross annual sum of €250,000 starting in 2011 as remuneration for his term of office as Chairman and Chief Executive Officer of BFCM, and to give him the use of a company car.

Acting on a recommendation of the Remuneration Committee, the May 11, 2011 Board of Directors meeting of BFCM decided to set the annual gross fixed remuneration of Alain Fradin at €800,000, as well as the use of a company car, benefits under the accidental death and disability plan and, where applicable, variable remuneration, with the amount of this variable remuneration to be determined by a decision of the Board of Directors following a recommendation of the Remuneration Committee. In his capacity as an employee, Alain Fradin is subject to the company supplementary pension rules of January 1, 2008. The Remuneration Committee therefore proposed to apply the pension rules to Alain Fradin's remuneration, in his capacity as Chief Operating Officer, under the same conditions as for all Group employees. The Board also decided to create a term of office termination indemnity for Alain Fradin equivalent to one year's gross salary, calculated on the basis of the 12-month average over the period prior to the termination of his term of office. The payment of this amount is subject to the achievement of a performance objective, which is pegged to an increase in the Group's IFRS-compliant overall consolidated equity for the period from January 1, 2011 to the termination date. With respect to this term of office, the above-mentioned payment does not come at the expense of the payment he would receive in his capacity as an employee pursuant in particular to the contractual provisions applicable within the Group. This agreement involving the term of office termination payment will be submitted to BFCM's May 10, 2012 General Meetings of Stockholders for approval, following the special report of the statutory auditors.

The remuneration received by the Group's officers and directors is presented in the tables below.

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

However, the Group's officers and directors did not receive any other specific benefits.

They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board terms of office, whether the boards are of Group

companies or companies outside the Group but on whose board they sit as a result of their functions within the Group. The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees. Officers and directors exercising their functions as of December 31, 2011 did not have any borrowings of this type.

Remuneration paid to Group officers and directors exercising their functions from January 1 to December 31, 2011

2011 Amount € (a)	Origin	Fixed portion	Variable portion (b)	In-kind benefits (c)	Employer contributions for supplementary benefits	Total
Michel Lucas	Crédit Mutuel	249,999		5,298		255,297
	CIC	550,000			514	550,514
Alain Fradin (*)	Crédit Mutuel	899,956		4,966	7,953	912,875

(*) Fixed remuneration for 2011 includes a balance of all accounts related to the suspension of the employment agreement.

2010 Amounts € (a)						
Michel Lucas (*)	Crédit Mutuel	550,000	0	5,298	5,481	560,779
	CIC	550,000	0	0	2,416	552,416
Alain Fradin	CIC	472,244	0	4,966	7,789	484,999

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

(b) Any variable portion would be decided by the BFCM Remuneration Committee meeting following the General Meetings of Stockholders held to approve the previous year's financial statements. The variable portion paid out in a given year therefore relates to the previous year.

(c) Business vehicles exclusively.

(*) Moreover, following the changes in the company terms of office and liquidation of retirement benefits of Michel Lucas, BFCM's October 22, 2010 Board of Directors meeting determined that the criteria and conditions for the payment of amounts approved by the December 19, 2008 Board of Directors meeting had been satisfied. As a result, the Board approved the payment of the stipulated amount of €1,376,146 to Michel Lucas.

3.2.3 Independent directors

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

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

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

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

This legitimacy, which springs from internal elective methods, is renewed every four years with the District election.

Any time a director loses a board mandate as the Chairman of a District, the person's board term of office at BFCM also ends, even if it has not expired.

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

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

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

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

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

A PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

Composition of the Board

The Board of Directors of Banque Fédérative du Crédit Mutuel currently consists of 18 members appointed by the General Meetings of Stockholders for three years and 12 non-voting members also appointed for three years by the Board in accordance with article 20 of the company's bylaws.

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

The Board includes representatives from partner Groups (Ile-de-France, Savoie-Mont Blanc, Sud-Est, Midi-Atlantique, Centre, Dauphiné-Vivaraais, Loire-Atlantique et Centre-Ouest, Méditerranéen and Normandie).

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

There are no attendance fees or stock options.

Operation of the Board. Executive Management operating methods

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

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

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

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

In 2011, the Board met seven times. The average attendance rate was 75%.

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

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

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

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

The February 24, 2011 Board meeting focused on the review and approval of the financial statements as well as the preparations for the Ordinary and Extraordinary General Meetings of Stockholders that were held on May 11, 2011. The Board was informed of the February 21, 2011 Report of the Group Audit and Financial Statements Committee.

In accordance with the December 13, 2010 application law amending CRBF Regulation 97-02, the Board also approved the framework memorandum on the variable remuneration policy for professionals performing a regulated activity, which includes the regulatory principles adapted to our Group.

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

The April 8, 2011 Board meeting focused on the agenda for the May 11, 2011 Extraordinary General Meeting of Stockholders. It appointed Alain Fradin as Chief Operating Officer of BFCM.

The May 11, 2011 Board met at the conclusion of the General Meeting of Stockholders in order to renew Michel Lucas' term of office as Chairman and Chief Executive Officer of BFCM.

The July 1, 2011 Board decided to proceed with the capital increase authorized by the Extraordinary General Meeting of Stockholders, thereby increasing shareholders' equity from €1,302,192,250 to €1,324,813,250.

The Board took due note of the May 2, 2011 report of the Audit and Financial Statements Committee as well as the April 18, 2011 report of the Group Risk Monitoring Committee.

The July 28, 2011 meeting focused on the closing of the parent company and consolidated interim financial statements as of June 30, 2011. The Board also took due note of the definitive completion of the capital increase and decided to amend article 6 of its bylaws accordingly.

The Board's sixth meeting was held on October 6, 2011 and gave full authority to Michel Lucas to sign the final partnership protocol with Groupe Desjardins.

The final meeting of the year was held on November 18, 2011.

The Board was informed of the Group Risk Monitoring Committee's work of October 25, 2011 and of the September 12, 2011 report of the Group Audit and Financial Statements Committee.

It reviewed the banking network activities for the CM10 scope and the financial statements and came up with a preliminary earnings estimate. It also reviewed 2011 budget trends and preparations for the 2012 budget.

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

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

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

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

B THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

BFCM's internal control and risk management are integrated into the overall internal control system implemented by the CM10²-CIC Group as described below.

The work undertaken in the area of internal control and risk management is aimed at ensuring the application of all rules set by the regulatory authorities for the exercise of the Group's activities, based on internal policies as well as applications, guidelines and procedures implemented for that purpose. This report was therefore drafted with the assistance of the departments responsible for internal control and risk management by performing the required due diligence for its preparation and, where necessary, referring to the reference framework and application handbook recommended by the French Financial Markets Authority.

² Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi Atlantique, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivaraais, Crédit Mutuel Méditerranée, Crédit Mutuel Loire Atlantique Centre Ouest.

1. The CM10-CIC Group's overall internal control system

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

1.1 A common, structured and independent system

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

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

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

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

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

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

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

1.2. The organization of controls

The CM10-CIC Group's control system satisfies a dual objective:

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

In order to perform their functions, the heads of the control departments have permanent and unrestricted access to persons, offices, equipment, applications and all types of information across the entire scope of the Group. They may assign part or all of their prerogatives to their employees as warranted by circumstances.

A breakdown by types of control

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

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

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

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

A breakdown by networks / business lines

Within the control networks, the tasks are divided into one branch for the retail bank networks (*Crédit Mutuel regional federations, CIC regional banks, foreign branch networks*) and one for the business lines (*specialized subsidiaries, large accounts, capital markets activities, asset management, financial services and payments, etc.*). For each of these control branches, a manager is appointed who exercises his functions at the CM10-CIC Group level.

A common support division for the various types of control

This division dedicated to control functions is charged with:

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

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

1.3. System governance by the Group Control and Compliance Committee (CCC)

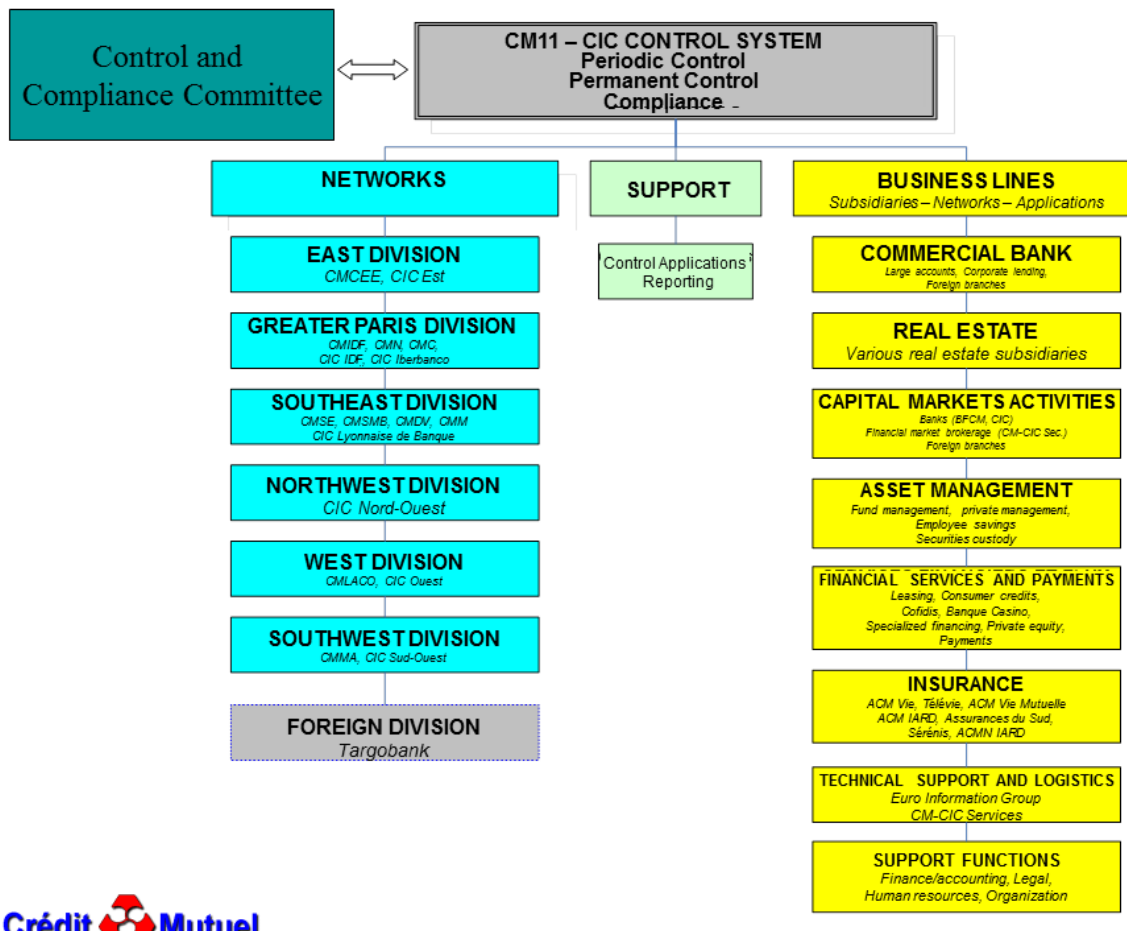
Under the authority of a member of the executive body, the Control and Compliance Committee includes the Group's heads of control (*periodic, permanent and compliance*) and risk management; it meets regularly and has the following objectives:

- to approve the control plans, examine the results of control audits performed by the periodic control departments as well as the work carried out by permanent control and the compliance function, and, if necessary, make recommendations to the executive body on needed improvements,
- analyze the conclusions of external control audits, notably those of regulatory authorities, and monitor the implementation of recommendations by the Group entities,
- ensure the actions and tasks of the various control and compliance participants complement each other,
- validate all new control procedures or changes affecting the organization of control functions; in 2011, it therefore approved a limited and controlled change in the code of ethics rules related to potential actions by sensitive functions on certain financial instruments.

It met four times in 2011 (*February 7, May 30, October 3, December 5*).

At the May 30, 2011 meeting, Nicolas They was appointed as a permanent member of the CCC in light of the new functions assumed by Alain Fradin, who nevertheless continues to be the Committee's Chairman.

Summary chart of the existing organization (01/2012)



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

1.4. The Group Audit and Financial Statements Committee

In order to satisfy the requirements arising from the transposition of European directive 2006/43/EC related to the statutory audit of the parent company financial statements and the consolidated financial statements by the December 8, 2008 Ordinance No. 2008-1278, as well as those arising from new governance standards, a CM11-CIC Group-level Audit and Financial Statements Committee was established.

The Group Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of Caisse Fédérale de Crédit Mutuel (*in principle one per federation*) and two members of CIC’s Board of Directors. Three of its members have special expertise in accounting and financial matters.

In 2011, the five new federations of CM10 appointed their representatives to the Group Audit and Financial Statements Committee (*François Duret - CMC, Alain Pupel - CMDV, Albert Taillandier – CMLACO, Danielle Joannes - CMM, JP Bertin - CMN*).

On July 27, 2011, Claude Freixanet, the representative from Crédit Mutuel Midi Atlantique, was appointed Chairman of the Audit and Financial Statements Committee, taking over the position from departing Chairman Constant Klein.

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

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

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

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

With respect to financial reporting, the Committee:

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

The Audit and Financial Statements Committee met four times in 2011 (*February 21, May 2, July 27 and September 12*). Its meetings are summarized in reports submitted to the deliberative bodies of the various federations and CIC so as to fully inform the directors.

1.5 The risk management system

Group Risk Department

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

The Group Risk Committee (GRC)

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

The Group Risk Monitoring Committee (GRMC)

This committee consists of members of the deliberative bodies and meets twice a year to review the Group's strategic challenges and opportunities in the risk area.

In 2011, the five new federations in CM10 appointed their representatives to the GRMC (*Claude Leveque - CMC, Michel Vieux - CMDV, Guy Halais - CMLACO, Jean-Paul Panzani - CMM, P. Gallienne - CMN*).

Based on the findings presented, the Committee makes recommendations to the Group's deliberative bodies on all decisions of a prudential nature applicable to all Group entities.

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

2. Internal control procedures specific to BFCM

As the holding company for the Group – which is owned by Caisse Fédérale de Crédit Mutuel, Assurances du Crédit Mutuel and the Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi Atlantique, Normandie, Dauphiné-Vivarais, Méditerranée and Loire Atlantique Centre Ouest – BFCM manages the investments held in the Group’s specialized subsidiaries, all of which are subject to the Group’s overall internal control system.

As an integral part of the CM10-CIC Group, BFCM has also implemented an internal control system for activities that it manages at its level. This system satisfies the same risk prevention and management objectives.

BFCM manages the cash of Crédit Mutuel and CIC and performs financial market transactions. It develops a financial engineering business and manages relations with international partners.

As an integral part of BFCM and CIC, CM-CIC Marchés consolidates all of the CM10-CIC Group’s capital markets activities on one trading floor in order to refinance the entire CM10-CIC Group (through a single cash management team), develop the Group’s capacity to sell capital markets products to customers and strengthen its proprietary trading activity.

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

The Board of Directors of CIC and Board of Directors of BFCM approve the strategy of each business line (refinancing, commercial, proprietary), capital allocation, limits and budget monitoring.

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

- The management of the CM-CIC Marchés Department defines the strategy, analyzes the business activity, results, risks and limits compliance, and coordinates the operational aspects (information system, budget, human resources, procedures),
- The Capital Markets Risk Committee, which meets monthly, monitors compliance with the body of rules and decisions established by the CM-CIC Marchés Department and validates the operational limits within the general limits set by the CIC Executive Board and BFCM Board of Directors,
- The CM-CIC Marchés Credit Committee, which meets weekly, is responsible for approving credit line requests as part of delegations of authority granted by the CM10-CIC Commitments Committee.

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

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

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

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

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

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

With respect to back-up measures, a Disaster Recovery Plan for all capital markets activities has been established. This plan addresses the major risks related to unavailable offices, technical resources and staff. It is based on the existence of two multipurpose sites, each one backing up the other, back-up information technology resources and

work organization in employee pairs or even groups of three. A quarter of the staff have also been equipped with portable computers enabling remote connections. The Disaster Recovery Plan is regularly updated and tested.

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

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

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

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

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

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

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

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

- changes in the Group's scope and its impact on the consolidated financial statements (*expansion from CM5 to CM10, with the addition of five Crédit Mutuel federations to the collective banking license scope, investment in Banque Casino, etc.*),
- the consolidated results and their in-depth analysis (*analysis of the various items for the intermediate analytical account balances, sector analyses by business line, analysis of general and administrative expenses, actual allocations to provisions for loan losses and collective provisions, etc.*),
- changes in the factors used to calculate the solvency ratio (*capital and risks*).

3.2. Specificities to the banking activity

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

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

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

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

3.3. The accounting system

The accounting architecture

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

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

In that context, the administration of the common accounting IT system is entrusted to dedicated divisions, the “Accounting Procedures and Processes” divisions, which represent autonomous units within either the CM10-CIC Finance department “retail banking/networks” or the CM10-CIC Finance department “specialized business line networks”, depending on the case.

These divisions are responsible in particular for:

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

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

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

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

Chart of accounts

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

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

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

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

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

Processing applications

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

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

Automated controls

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

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

A dedicated application for automated control of accounts has been deployed since 2010 in order to manage limit amounts on accounting entries, broken down by type of account (*third party/general ledger*), entry type (*debit/credit*), IT application code, entity and the entity's sector of activity.

The application has two levels of control focused on:

- a limit threshold,
- a warning threshold.

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

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

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

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

Controlling parent company financial statement closings

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

This analytical review focuses in particular on:

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

The accounting procedures and accounting processes are formalized. For the branch "network", the procedures are listed on the bank's intranet.

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

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

Controls of the consolidated financial statements

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

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

CM10-CIC Group identifies the French (CNC) and international (IFRS) accounting principles and methods to be applied by all Group entities in their respective financial statements. Foreign subsidiaries take these policies into account when transitioning from their local accounting standards to French and international standards in the consolidation packages and financial reporting.

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

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

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

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

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

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

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

Finally, systematic reconciliation statements between company and consolidated data are prepared with respect to equity and earnings. This process, which makes it possible to ensure the coherence of the transition between accounting series, company and consolidated, is performed independently of the consolidation application, which therefore enables the validation of these consolidated items.

In conclusion, BFCM's internal control and risk management system, which is based on shared methods and applications, is part of the CM10-CIC Group's control organization. The Group is always seeking to strengthen and improve its efficiency.

C. LIMITATIONS ON THE AUTHORITY OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

BFCM's Board of Directors established a set of internal rules for the Remuneration Committee that are consistent with the provisions of CRBF Regulation 97-02.

The annual filing with the Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel – ACP*) pursuant to articles 43-1, 43-2 and 43-3 on the implementation of the remuneration policy was completed with a “Report to the ACP on the remuneration policy and remuneration practices”, based in particular on information provided by the HR department with respect to the decision-making process, the main characteristics of the remuneration policy and the quantitative information on financial market managers and professionals. This joint report is applicable to both BFCM and CIC.

The Chairman of the Board of Directors

3.4 Report of the statutory auditors on the report of the Chairman of the Board of Directors (Prepared pursuant to Article L.225-235 of the French Commercial Code)

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

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92923 Paris-La Défense Cedex

Statutory auditor
Member of the Versailles regional
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ERNST & YOUNG et Autres
1/2, place des Saisons
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S.A.S. à capital variable
(Simplified stock company with variable capital)

Statutory auditors
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2011

Report of the statutory auditors, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Board of Directors of BFCM

To the Shareholders,

In our capacity as the statutory auditors of BFCM and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present you with our report on the report prepared by the Chairman of your company in accordance with the provisions of article L. 225-37 of the French Commercial Code for the year ended December 31, 2011.

It is the duty of the Chairman to prepare and submit for the approval of the Board of Directors a report describing the internal control and risk management procedures implemented within the company and providing all other information required under Article L. 225-37 of the French Commercial Code related in particular to the corporate governance system.

Our duty consists of:

- informing you of our observations regarding the information contained in the Report of the Chairman with respect to internal control and risk management procedures involving the preparation and processing of accounting and financial information, and
- certifying that this report includes the other information required by Article L. 225-37 of the French Commercial Code, it being noted that our duty does not include verifying the accuracy of the other information.

We carried out our work in accordance with generally accepted French professional standards.

Information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information

Professional standards require the implementation of due diligence aimed at assessing the accuracy of the information related to internal control and risk management procedures involving the preparation and processing of accounting and financial information contained in the Report of the Chairman. This due diligence consists in particular of:

- being informed of internal control and risk management procedures related to the preparation and processing of accounting and financial information that underlie the information presented in the Report of the Chairman as well as the existing documentation;
- being informed of the work undertaken to prepare this information and existing documentation;
- determining whether the major deficiencies of the internal control related to the preparation and processing of the accounting and financial information uncovered as part of our audit are properly addressed in the Report of the Chairman.

On the basis of this work, we have no observations to make on the information involving the company's internal control and risk management procedures involving the preparation and processing of accounting and financial information contained in the Report of the Chairman of the Board of Directors, established in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the Report of the Chairman of the Board of Directors includes the other information required under Article L. 225-37 of the French Commercial Code.

Paris-La Défense, April 19, 2012

The Statutory Auditors

French original signed by:

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG et Autres

Jean-François Dandé

Isabelle Santenac

3.5 Report on the system of procedures to combat money laundering and terrorism financing

3.5.1. Persons responsible and employee training

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

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

The integration of the five federations in early 2011 involved:

- the creation of an Ile-de-France (IDF) division pooling the resources of CMIDF and CIC Paris,
- the creation of a "Grand Sud-Est" division combining the CMM, CMDV, CMSMB and CMSE regional federations,
- CMC's assumption of responsibility for second-level controls on behalf of CMN beginning April 1, 2011.

In 2011, a second-level control portal dedicated to the fight against money-laundering was rolled out. This portal is itself the control program in which the Tracfin correspondent records the results of his controls at the scheduled reporting intervals. At this time, he must determine whether the money-laundering and terrorism financing risk is covered.

Since October 2011, the self-training manual has integrated a new Tracfin Version 2011 course that replaces the Tracfin Third Directive course and complements the 16 training modules as well as the summary module that enables training initiatives in the branches; employee are required to have completed this new course by end-2013. New features include a regulatory update, new questions and updated cases and situations; in order to pass, persons taking the course must correctly answer at least 75% of the 25 questions asked on the final quiz.

3.5.2. Classification of risks, description of procedures

Classification and duty of vigilance

The classification of money-laundering and terrorism financing risks was continued in 2011 using the methodology and principles described in the 2010 report. The following money-laundering and terrorism financing risk classifications are now available:

- Network,
- Life insurance, property and casualty insurance,
- Fund management, wealth management,
- Equipment leasing, real estate leasing,
- International business,
- Employee savings,
- Point-of-sale financing,
- Real estate function,
- Large accounts function.

As of end-December 2011, the breakdown of the clientele presenting money-laundering or terrorism financing risk (*i.e. with an attached money-laundering risk code*) was as follows, and showed that heightened vigilance was needed for 0.13% of the clients:

Compared to 2010, the main change was the establishment of a new risk coding "RIE 046 -Vigilance LAB". This risk code can be adapted to all types of situations that require the implementation of complementary or strengthened vigilance measures with respect to client relations. It may be positioned by a function or business line based on its own specificities, notably for the initiation of a new client relationship (*for example without a face-to-face meeting with the client*) or based on the account operating method (*for example an account always operated through a proxy*).

Transactions involving embargoed countries (*1,633 outgoing and incoming transfers totaling €51.6 million*) are executed as part of imports or exports of goods and services whose business purpose is fully justifiable, which are

subjected to more stringent control, notably through special questionnaires that take into account regulatory changes and documentary controls.

In order to address measures related to political changes in the countries of the Maghreb region as well as the Tracfin warning messages requesting monitoring of Politically Exposed Persons (*PEP*) from these countries prior to the publication of official lists, an emergency operational procedure “Crisis situation in certain countries” was published on March 3, 2011. It notes the persons within the Group to be contacted, the configuration of files to collect, the relevant scope and the content of the messages to create and disseminate the lists.

In order to improve the updating of knowledge on risky clients, a dedicated section was created in the Tracfin application to ask the branch managers to update the Know Your Customer (KYC) questionnaire once a year for this client group. Links make it possible to review the account operations, examine the client’s equipment, track his sales history and check the status of any anti-money-laundering warnings. A second-level control task was implemented in order to ensure that these updates have actually been carried out properly.

Similarly, a new control task is planned in 2012 that focuses on questionnaires for new client relations and clients that are not included in the “RIE LAB” risk-coded category.

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

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

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

The main change relative to 2010 involves the upgrade to the screening application (TIESUS is now SUSPECTS) to automate as much as possible the process for controlling the client database and new client relations.

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

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

Contacts were established with the correspondents of the subsidiaries and branches located abroad. Meetings and conferences were held with TARGOBANK in Germany and Spain, Banque de Luxembourg and CIC Switzerland. Work has begun in order to establish a procedure for intra-Group information sharing.

Conditions for reliance on a third party to identify customers

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

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

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

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

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

Conditions for the use of service providers to identify customers

(Articles R561-13-II)

These provisions apply only in some business lines, in particular Sofemo, CM-CIC Bail, Cofidis, C2C and Banque Casino.

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

The point of sale financing procedure (consumer credit) is currently being updated for the purpose of harmonizing the methods of anti-money-laundering controls among institutions.

Methods for implementing obligations in the area of wire transfers

These methods remained unchanged from those described in the 2010 report.

As a payments service provider for the order giver

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

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

As an intermediary payments service provider:

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

- control that identification information is present for the order giver,
- transmission of information received to the beneficiary’s payments services provider for individual transactions and reposting for each individual transaction of information received in the file “Header” for bulk transactions,
- transmission within three working days of complete information on the order giver,
- storage of information for five years and the current year.

As the beneficiary’s payments service provider

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

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

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

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

Methods for circulating information within the Group

Information needed by the unit responsible for helping to combat money laundering and terrorism financing

The single Tracfin manual has been replaced by two manuals, one for the networks, the other for the business lines. A third manual dedicated to Tracfin notification correspondents and persons working in the anti-money-laundering departments was distributed.

These manuals include:

- the general principles,
- the code of ethics,
- the risk classification procedures by business line as well as by function (checks and wire transfers),
- procedure, compliance, regulatory and jurisprudence fact sheets as well as methodologies (suspicious activity report and anti-money-laundering questionnaire)
- documentation on the applications (Tracfin, second-level control and Anti-money-laundering Compliance portal applications),
- documentation issued by the public authorities (mainly the French ACP's basic guidelines and Tracfin activity reports).

Information related to the existence and content of suspicious activity reports

In addition to the intra-Group coding (RIF), an initiative was launched to define an information-sharing procedure for the clientele's personal identification data in cases involving the implementation of third-party introductions, discussions on the existence or content of a suspicious activity report or the coding of the client's money-laundering risk. This procedure would apply to the various Group entities in France and abroad (Luxembourg, Switzerland, Germany, United States, United Kingdom, Singapore, Monaco, Belgium, Spain) and take into account legal constraints involving confidentiality, money-laundering prevention and personal data protection.

Methods for defining the criteria and thresholds for material discrepancies

The overhaul of the Tracfin application made it possible to establish a data center that serves as a source for monitoring information and statistical data. Statistics were therefore compiled by banks, federations and regional delegations, for Tracfin correspondents and the Compliance Control Committee (CCC).

These statistics include:

- client breakdown by money-laundering risk (RIE LAB) in absolute and relative terms,
- breakdown of outgoing and incoming transfers to and from countries on the black list or subject to an embargo
- monitoring of processing of warnings, review files, proposed and actual suspicious activity reports,
- training,
- monitoring of anti-money-laundering control tasks by the branches (first-level control),
- monitoring of second-level control tasks.

3.5.3. Permanent controls

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

With respect to the second-level permanent control, the results are replicated through the portals for the networks (*CINT*) and business lines (*CINTMT*).

However, the second-level controls still have room for improvement with respect to the quality of the comments accompanying the reviews. The degree of completion for new customer files continued to improve, but further work is needed in order to digitize customer identification supporting documents.

The main deficiencies observed include the following areas:

- the degree of completion of files on existing clients still needs to be refined, notably with respect to the existence of a digital ID, it being noted that these documents exist but are usually stored in the accounts;
- files occasionally remain suspended in the Tracfin application, although clear improvements have been made since the introduction of EVT 730, which provides a daily reminder to the appropriate agents of the cases in the application;
- internal training is still insufficiently supported by the heads of the entities;

- justification of transactions formally entered in the Tracfin application could be improved;
- use of the Tracfin application could be optimized at the branch level.

The following corrective measures have been implemented to remedy the deficiencies observed:

- each quarter, permanent control verifies that the network entities have correctly processed the controls and formalized the observations through an analysis of the quality level of each control point for a random sampling of branches;
- in the Tracfin application, a section for clients coded as high risk for money-laundering combined with an icon placed next to the client's name that signals the absence of digitized ID supporting documents, makes it possible to prioritize actions to be taken;
- recommendations have been made to the branches regarding the use of the training cited in the Tracfin manual for the network and the requirement to follow the self-training manual updated in October 2011;
- branches receiving a low rating are included among the priority controls for the following year.

In conclusion, this first year with a second-level control plan dedicated to preventing money-laundering demonstrates good use of applications by the controllers. Their controls demonstrate adequate understanding of the risks, without any significant discrepancies. The main area of focus for 2012 will be on reducing the time required to fill out the files.

A monthly “*Validation Webcheques*” control aims to verify the network's proper application of the control procedure for checks issued. The controls and statistics demonstrate the proper use of this procedure by the branch networks. The number of branches showing discrepancies is limited, and they are contacted systematically.

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

CF de CM (10278) was audited by the French ACP specifically with respect to anti-money-laundering and terrorism financing. The report had not been received as of the publication date of this registration document.

Last year, the ACP also audited the Marseille airport's foreign exchange counter, which is part of the Crédit Mutuel Méditerranéen regional federation.

Siccfm audited the Monegasque branches of the CMM and CIC LB regional federations. With respect to CIC LB, Siccfm concluded that the recommendations made during the previous audit in late 2008 had been properly followed and did not find any material discrepancies. As for CMM, client record-keeping (paper and electronic) is in need of substantial improvement, notably through the implementation of a summary data sheet.

Chapter IV INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

4.1 Management report on the parent company financial statements

The comments on the 2011 business activity of BFCM and its subsidiaries (section 6.1.1) complement the report on the parent company financial statements presented below.

KEY FINANCIAL POINTS RELATING TO THE ANNUAL FINANCIAL STATEMENTS OF BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL*
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** Note: all percentage changes are provided at constant scope of consolidation*

Statement of financial position

The statement of financial position at December 31, 2011 shows total assets of €176.2 billion, up 21.1% relative to the previous year.

On the liabilities side, amounts due to credit institutions comprise mainly long-term borrowings from the Group's subsidiaries totaling €46.8 billion, the majority of which came from CIC and its regional banks (€17.4 billion) and CM-CIC SFH (€23.2 billion).

Amounts due to customers totaled €20.6 billion. This item consists essentially of current accounts in credit of UCITS (€3.6 billion) and long-term deposit accounts and borrowings of the financial clientele (€16.4 billion).

Total securities liabilities in the amount of €57 billion include securities given under collateralized repurchase agreements, interbank market securities (€8.6 billion) and debt securities (€24.1 billion) along with bond debt (€23.6 billion).

The Fund for General Banking Risks amounting to €61.6 million and the deeply subordinated notes totaling €2.1 billion (compared with €2.3 billion in 2010) remained essentially unchanged in 2011. In December 2011, €196.1 million in deeply subordinated notes was repaid. After a capital increase in July 2011 of €181 million, reserved for the new partners of the CM10-CIC Group, total shareholders' equity and similar items reached €5.6 billion, excluding net income for the year.

On the asset side, the CM10-CIC Group's central treasury function is reflected mainly by loans and receivables from credit institutions in the amount of €121.3 billion. The refinancing provided to CF de CM to back the credits distributed by the Caisses de Crédit Mutuel and the specific uses amounted to €47.1 billion. BFCM's refinancing activity also extends to Banque de l'Economie du Commerce et de la Monétique and to CIC Group and Cofidis Group entities. The volume of refinancing provided to these entities was €66.3 billion.

Customer transactions totaled €8.3 billion. This amount corresponds to credit facilities, mainly targeting large corporates, as well as the refinancing of special purpose acquisition entities for BFCM's long-term equity investments.

Trading, available-for-sale and held-to-maturity securities round out the other uses of treasury funds (€31 billion).

Investments in subsidiaries and associates, which totaled €7 billion, consist mainly of investments in CIC (€2.9 billion), Groupe des Assurances du Crédit Mutuel (€1 billion) and Cofidis (€0.7 billion). Other equity investments stood at €1.7 billion. This item is made up primarily of interests in Banque Marocaine du Commerce Extérieur, Banque de Tunisie and Banco Popular Español.

Articles L 441-6-1 and D 441-4 of the French Commercial Code require companies to provide specific information on the maturity of the amounts due to suppliers. In the case of our company, the amounts are negligible.

Income statement

Interest income totaled €7 billion, including €5.9 billion from transactions with credit institutions.

Interest expense was €6.9 billion. The bulk of this expense consists of interest payable to credit institutions (€4.7 billion) and interest on securities issued (€1.8 billion).

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

The negative impact of €125.1 on trading securities is primarily due to unrealized losses on the bond portfolio hedged by swaps, for which provisions were set aside for prudential reasons.

Similarly, losses on available-for-sale securities (€77 million) consist mainly of impairment losses (€58.2 million).

Losses on disposals from this portfolio totaled €18.8 million.

After taking commissions and other items related to operations into account, net banking income totaled €374.7 million in 2011, compared to €222.5 million in 2010.

Operating expenses amounted to €48.9 million in 2011, compared with €50.2 million the previous year.

In 2011, net additions to provisions for loan losses of €62.8 million mainly related to Greek sovereign bonds. Meanwhile, €15 million in non-recurring losses corresponds in large part to a contribution of €13.5 million to one of the Group subsidiaries.

In addition, €12,760 corresponding to non-deductible rents and depreciation on company vehicles was reintegrated into taxable income at the standard rate under ordinary French law.

Tax liability of the companies included in the consolidated tax group was attributed to BFCM's tax liability, which resulted in a €41.8 million corporate income tax benefit.

Finally, net income for the year totaled €289.8 million in 2011, compared with €302.1 million in 2010.

Proposals of the Board of Directors to the Shareholders' General Meeting

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

2011 net income:	€289,765,321.77
Inappropriate retained earnings:	+€662,237.10
or a total of:	€290,427,558.87

We propose to:

- pay out a dividend of €2.00 per each of the 26,043,845 shares carrying dividend rights for the full year and a dividend of €0.83 per each of the 452,420 new shares entitled to dividends from July 28, 2011, for a total amount of €52,463,198.60. These dividends are eligible for deduction under Article 158 of the French General Tax Code (*Code général des impôts, CGI*);
- allocate to the legal reserve the amount of €2,262,100.00, bringing this reserve to 10% of BFCM's share capital;
- allocate to the discretionary reserve the amount of €235,000,000.00;
- carry forward the balance of €702,260.27.

It will be proposed that shareholders receive the dividend in the form of new shares. A special report will be presented for this purpose.

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

<i>Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Amount (in €)		€4.96	
Dividend eligible for deduction under Article 158 of the French General Tax Code (CGI)	-	yes	-

4.2 Financial statements

ASSETS <i>(in €)</i>	Dec. 31, 2011	Dec. 31, 2010
CASH, CENTRAL BANKS, POST OFFICE BANKS	617,937,786.92	361,743,425.97
GOVERNMENT SECURITIES AND EQUIVALENT	3,196,459,292.64	2,201,701,795.69
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	121,312,705,636.15	103,375,572,407.94
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	8,288,352,130.47	8,720,894,952.87
BONDS AND OTHER FIXED-INCOME SECURITIES	30,930,328,574.91	19,618,075,329.08
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	203,919,099.25	275,066,727.13
LONG-TERM EQUITY INVESTMENTS AND SECURITIES	1,650,811,808.84	1,593,406,490.42
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7,005,408,004.97	6,545,126,035.05
FINANCE LEASES AND LEASES WITH PURCHASE OPTION	0.00	0.00
OPERATING LEASES	0.00	0.00
INTANGIBLE ASSETS	3,000,141.00	3,000,141.00
PROPERTY AND EQUIPMENT	6,949,455.20	7,014,478.87
SUBSCRIBED CAPITAL UNPAID	0.00	0.00
TREASURY STOCK	0.00	0.00
OTHER ASSETS	938,184,414.17	1,709,112,007.82
ACCRUALS	2,052,309,190.17	1,118,264,395.26
TOTAL ASSETS	176,206,365,534.69	145,528,978,187.10

OFF STATEMENT OF FINANCIAL POSITION	Dec. 31, 2011	Dec. 31, 2010
COMMITMENTS GIVEN		
FINANCING COMMITMENTS	3,937,454,729.22	3,599,524,308.88
GUARANTEE COMMITMENTS	4,407,163,285.09	2,986,394,429.23
SECURITIES COMMITMENTS	0.00	0.00

LIABILITIES AND SHAREHOLDERS' EQUITY <i>(in €)</i>	Dec. 31, 2011	Dec. 31, 2010
CENTRAL BANKS, POST OFFICE BANKS	0.00	0.00
DUE TO CREDIT INSTITUTIONS	84,071,255,704.59	61,224,063,596.07
DUE TO CUSTOMERS	20,615,004,647.40	14,879,139,629.62
DEBT SECURITIES	56,979,058,251.53	55,790,681,977.01
OTHER LIABILITIES	1,029,337,278.84	443,653,441.36
ACCRUALS	1,451,675,847.50	1,474,168,490.94
PROVISIONS FOR RISKS AND CHARGES	237,451,202.54	120,663,330.99
SUBORDINATED DEBT	8,027,324,525.30	8,272,108,226.89
FUND FOR GENERAL BANKING RISK (FGBR)	61,552,244.43	61,552,244.43
SHAREHOLDERS' EQUITY EXCLUDING FGBR	3,733,705,832.56	3,262,947,249.79
SUBSCRIBED CAPITAL	1,324,813,250.00	1,302,192,250.00
ADDITIONAL PAID-IN CAPITAL	736,051,582.87	577,704,582.87
RESERVES	1,382,179,938.82	1,080,756,261.82
REVALUATION RESERVES	0.00	0.00
REGULATED PROVISIONS AND INVESTMENT SUBSIDIES	233,502.00	208,241.00
UNAPPROPRIATED RETAINED EARNINGS	662,237.10	10,984.78
NET INCOME FOR THE YEAR	289,765,321.77	302,074,929.32
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	176,206,365,534.69	145,528,978,187.10

OFF STATEMENT OF FINANCIAL POSITION	Dec. 31, 2011	Dec. 31, 2010
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	19,865,124,233.96	21,581,639,438.08
GUARANTEE COMMITMENTS	29,728,205.18	18,821,277.91
SECURITIES COMMITMENTS	185,705,000.39	162,384,483.60

INCOME STATEMENT <i>(in €)</i>	2011	2010
+ INTEREST INCOME	6,979,060,769.30	6,074,574,001.22
- INTEREST EXPENSE	-6,922,032,090.19	-6,039,120,659.64
+ INCOME FROM LEASE AND SALE AND LEASEBACK TRANSACTIONS	0.00	0.00
- EXPENSES ON LEASE AND SALE AND LEASEBACK TRANSACTIONS	0.00	0.00
+ INCOME FROM OPERATING LEASE TRANSACTIONS	0.00	0.00
- EXPENSES ON OPERATING LEASE TRANSACTIONS	0.00	0.00
+ INCOME FROM VARIABLE-INCOME SECURITIES	510,091,845.57	234,982,960.55
+ FEE AND COMMISSION INCOME	21,995,164.31	40,633,534.12
- FEE AND COMMISSION EXPENSE	-35,912,730.30	-17,608,999.14
+/- GAINS (LOSSES) ON TRADING SECURITIES TRANSACTIONS	-125,064,013.98	-3,309,488.62
+/- GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS	-77,004,515.63	-35,588,629.05
+ OTHER OPERATING INCOME	63,467,686.68	29,472,072.11
- OTHER OPERATING EXPENSES	-39,866,366.39	-61,514,180.75
<u>NET BANKING INCOME</u>	374,735,749.37	222,520,610.80
- OPERATING EXPENSES	-48,869,731.93	-50,242,728.52
- DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF NON-CURRENT ASSETS	-64,179.24	-94,522.33
<u>GROSS OPERATING INCOME</u>	325,801,838.20	172,183,359.95
+/- NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES	-62,794,450.02	141,240,755.48
<u>OPERATING INCOME</u>	263,007,388.18	313,424,115.43
+/- GAINS (LOSSES) ON NON-CURRENT ASSETS	-34,794.23	-23,734,064.46
<u>NET INCOME BEFORE TAX</u>	262,972,593.95	289,690,050.97
+/- NON-RECURRING INCOME (LOSS)	-14,973,209.31	-879,395.15
- CORPORATE INCOME TAX	41,791,198.13	13,277,983.50
+/- NET ALLOCATIONS TO/RELEASES FROM FGFR AND REGULATED PROV.	-25,261.00	-13,710.00
<u>NET INCOME</u>	289,765,321.77	302,074,929.32

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies and methods

The financial statements of Banque Fédérative du Crédit Mutuel (BFCM) are prepared in accordance with the general accounting principles and rules promulgated by the French Accounting Standards Authority (*Autorité des Normes Comptables, NCA*) approved by ministerial decree.

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

- going concern,
- consistency,
- accruals.

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

Receivables and payables pertaining to customers and credit institutions are recognized on the statement of financial position at fair value or cost, if it is different from fair value.

Related accruals (accrued or outstanding interest due or payable) are combined with the corresponding asset and liability items.

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

Such is the case in particular for:

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

Note 1.2 *Non-performing loans*

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

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

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

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

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

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

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

In accordance with CRC regulation No. 2002/03 as amended, non-performing loans that have been declared past due or classified as non-performing for more than one year are specifically identified as “irrecoverable loans”. The bank has defined internal rules for automatic downgrades, which presume the irrecoverable nature of the receivable once it has been classified as non-performing for more than one year, unless the existence and validity of guarantees covering all the risks can be formally demonstrated. The recognition of interest on the receivable ceases once the loan has been classified as an “irrecoverable loan.”

CRC regulation 2002/03 as amended calls for special treatment of some restructured loans. If the amount involved is significant, the restructured loans are isolated in a special category. In that case, the waiver of claims to the principal or interest, outstanding or accrued, as well as future interest differences, are immediately recognized through loss, then gradually reintegrated as the loan is paid down. The number of loans involved and amounts at stake are limited, and the calculation of a discount would not have a material impact on the financial statements for the year.

Note 1.3

Securities transactions

Statement of financial position items:

- Government securities and equivalent
- Bonds and other fixed-income securities
- Equities and other variable-income securities

include trading, available-for-sale and held-to-maturity securities, depending on their nature.

This classification results from the application of CRBF regulation 90/01 as amended, which establishes guidelines for the classification of securities depending on their use.

Trading securities

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

Available-for-sale securities

Available-for-sale securities are acquired with the intention of being held for more than six months in order to derive direct income or a capital gain. This holding period does not

imply, for fixed-income securities, that they be held until maturity. Premiums or discounts recognized at the time fixed-income securities are acquired are spread over the life of the corresponding instrument, in accordance with the option offered by CRBF regulation 90/01. At the end of the reporting period, an individual provision is recognized for unrealized capital losses on available-for-sale securities, adjusted for any impairment charges and net releases of differences described above. Unrealized capital gains are not recognized.

Held-to-maturity securities

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

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

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

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

Reclassification of financial assets

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

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

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

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

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

The impact of reclassifications executed in 2011 is presented in note 2.9.

Temporary sales of securities

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

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

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

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

Note 1.4 ***Options***

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

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

Note 1.5 ***Investments in equity interests***

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

Note 1.6 ***Non-current assets***

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

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

Note 1.7

Foreign currency translation

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

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

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

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

Note 1.8

Swaps

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

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

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

The fair value used to measure swaps for trading is based on the application of the discounted cash flow (DCF) method with a zero coupon yield curve. The fixed-rate branch is measured using the various maturities discounted on the basis of the yield curve, while the present value of the variable rate branch is measured on the basis of the current coupon applied to the notional value of the principal. The fair value is derived from the comparison of these two discounted values, after taking into account counterparty risk and future management fees. The counterparty risk is calculated in accordance with the provisions of Appendix 3 of CRBF regulation 91-05 related to the solvency ratio, to which an 8% equity ratio is applied. The management fees are then determined by adding a 10% ratio to this equity amount.

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

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

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

The recognition and measurement of retirement and similar commitments are consistent with Recommendation 2003-R01 of the French National Accounting Council. The discount rate used is based on long-term government securities.

Employee retirement plans

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

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

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

Departure and long-service awards

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

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

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

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

Note 1.10***Fund for general banking risks***

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

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

Note 1.11***Provisions***

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

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

Note 1.12 Corporate income tax

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

The "Corporate income tax" item includes:

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

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

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

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

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

Provisions for taxes on lease agreements

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

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

Note 1.13 Basis of consolidation

The company is fully integrated within the consolidation scope of the CM10-CIC Group

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

The bank has no directly or indirectly owned sites in countries or territories subject to Article L 511-45 of the French Monetary and Financial Code.

2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

The figures included in the following tables are expressed in thousands of euros.

2.0 Changes in non-current assets

	Gross amount at Dec. 31, 2010	Acquisitions	Disposals	Transfers or repayments	Gross amount at Dec. 31, 2011
FINANCIAL ASSETS	21,354,660	16,653,949	28,070	(5,168,066)	32,812,473
PROPERTY AND EQUIPMENT	8,510		33		8,477
INTANGIBLE ASSETS	3,000				3,000
TOTAL	21,366,170	16,653,949	28,103	(5,168,066)	32,823,950

2.1 Depreciation, amortization and impairment of non-current assets

DEPRECIATION AND AMORTIZATION

	Accum. deprec. & amortiz. at Dec. 31, 2010	Expense	Reversals	Accum. deprec. & amortiz. at Dec. 31, 2011
FINANCIAL ASSETS	0			
PROPERTY AND EQUIPMENT	1,495	65	34	1,526
INTANGIBLE ASSETS	0			
TOTAL	1,495	65	34	1,526

IMPAIRMENT LOSSES

	Accum. impairm. losses at Dec. 31, 2010	Losses	Reversals	Accum. impairm. losses at Dec. 31, 2011
FINANCIAL ASSETS	53,028			53,028
PROPERTY AND EQUIPMENT	0			0
INTANGIBLE ASSETS	0			0
TOTAL	53,028	0	0	53,028

2.2 Analysis of receivables and liabilities by residual maturity

<u>ASSETS</u>	Three months or less	Between three months and one year	Between one and five years	More than five years and perpetual	Accrued interest and interest	TOTAL
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS						
Demand	4,158,070				6	4,158,076
Term	45,421,304	12,195,719	40,723,845	18,101,808	711,954	117,154,630
LOANS AND RECEIVABLES DUE FROM CUSTOMERS						
Commercial loans	589,246					589,246
Other customer loans	1,010,569	411,394	3,922,679	2,138,740	47,024	7,530,406
Overdrawn current accounts	168,700					168,700
BONDS AND OTHER FIXED-INCOME SECURITIES	3,841,286	3,952,547	13,343,463	9,723,920	131,824	30,993,040
<i>of which trading securities</i>	<i>385,000</i>	<i>270,000</i>				<i>655,000</i>
TOTAL	55,189,175	16,559,660	57,989,987	29,964,468	890,808	160,594,098

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

<u>LIABILITIES</u>	Three months or less	Between three months and one year	Between one and five years	More than five years and perpetual	Accrued interest and interest	TOTAL
DUE TO CREDIT INSTITUTIONS						
Demand	30,581,363				220	30,581,583
Term	14,499,215	4,502,660	22,348,832	11,671,705	467,261	53,489,673
DUE TO CUSTOMERS						
Regulated savings accounts						
Demand						0
Term						0
Other liabilities						
Demand	3,554,804					3,554,804
Term	2,641,991	2,428,332	8,899,069	3,000,000	90,809	17,060,201
DEBT SECURITIES						
Retail certificates of deposit						0
Interbank instruments and trading instruments	15,822,863	7,414,932	2,957,638	6,535,851	229,712	32,960,996
Bonds	142,717	1,970,000	15,238,773	6,252,643	413,929	24,018,062
SUBORDINATED DEBT			2,600,000	5,353,896	73,429	8,027,325
TOTAL	67,242,953	16,315,924	52,044,312	32,814,095	1,275,360	169,692,644

2.3 Allocation of loans and receivables due from credit institutions

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	2011	Net change	2010
Demand	4,158,076	2,079,045	2,079,031
Term	117,154,630	15,858,089	101,296,541
of which irrecoverable loans	0	0	0
(Accumulated impairment losses)	(0)	0	(0)

2.4 Allocation of loans and receivables due from customers

	2011		
	Gross amount	of which non-performing loans	Accumulated impairment losses
excluding accrued income of €47,024 thousand from gross receivables			
<u>By major types of counterparties</u>			
. Companies	8,236,053	1,875	1,002
. Sole traders			
. Individuals	5		
. Governments			
. Non-profit institutions	6,272		
Total	8,242,330	1,875	1,002
<u>By business sector</u>			
. Farming and mining			
. Retail and wholesale	264,658		
. Industries	21,137		
. Business services and holding companies	1,187,982	1,875	1,002
. Services to individuals	54,356		
. Financial services	6,453,417		
. Real estate services	54,662		
. Transportation and communication	205,555		
. Unallocated and other	563		
Total	8,242,330	1,875	1,002
<u>By geographical region</u>			
. France	3,400,424	1,875	1,002
. Europe, excluding France	4,805,718		
. Rest of the world	36,188		
Total	8,242,330	1,875	1,002
None of the non-performing loans is considered irrecoverable.			

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

ASSETS

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	3,434,507	326,994
Term	66,518,306	54,917,956
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	5,056,243	5,420,884
Overdrawn current accounts	0	636
BONDS AND OTHER FIXED-INCOME SECURITIES	19,504,117	13,245,476
SUBORDINATED RECEIVABLES	2,343,033	2,334,059
TOTAL	96,856,206	76,246,005

LIABILITIES

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
DUE TO CREDIT INSTITUTIONS		
Demand	13,173,827	16,858,971
Term	36,639,232	25,127,056
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand	437,532	418,130
Term	10,000,000	3,029,300
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments	737,726	697,184
Bonds	2,290,316	2,174,230
Other debt securities		
SUBORDINATED DEBT	1,742,552	1,820,871
TOTAL	65,021,185	50,125,742

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

2.6 Allocation of subordinated assets

	Amount at Dec. 31, 2011		Amount at Dec. 31, 2010	
	Subordinated amount	of which non-voting loan stock	Subordinated amount	Of which non-voting loan stock
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS				
Term	1 355 037	22 537	1 344 614	20 677
Perpetual	291 000		291 000	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS				
Other customer loans	700 000	700 000	700 000	700 000
BONDS AND OTHER FIXED-INCOME SECURITIES	1 459 461	99 475	1 429 370	101 714
TOTAL	3 805 498	822 012	3 764 984	822 391

2.7 Subordinated debt

	Subordinated Note 2	Subordinated Note 3	Subordinated Note 4	Subordinated Note 5	Subordinated Note 6
Amount	700 000	800 000	300 000	300 000	500 000
Maturity	July 19, 2013	Sept. 30, 2015	Dec. 18, 2015	June 16, 2015	Dec. 16, 2016
	Subordinated Note 7	Subordinated Note 8	Subordinated Note 9	Deeply subord. note	
Amount	1 000 000	1 000 000	1 250 000	2 103 896	
Maturity	Dec. 6, 2018	Oct. 22, 2020	Perpetual	Perpetual	
Terms	Subordinated loans and notes have a lower priority than all other debts as regards repayment, with the exception of non-voting loan stock. The deeply subordinated notes have the lowest priority because they are expressly subordinated to all other debts of the company, whether unsecured or subordinated.				
Early repayment option	Not permitted during the first five years unless accompanied by an increase in capital. Not permitted for subordinated notes, except in case of redemption in the market or a takeover bid (cash or share exchange). Restricted with regard to deeply subordinated notes because they are similar to Tier 1 capital.				

Subordinated debt amounted to €8,027,325 thousand (including accrued interest).

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

	Trading	Available for sale	Held to maturity	TOTAL
GOVERNMENT AND SIMILAR SECURITIES		3 183 378	13 081	3 196 459
BONDS AND OTHER FIXED-INCOME SECURITIES	655 000	6 114 704	24 160 625	30 930 329
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		203 919		203 919
TOTAL	655 000	9 502 001	24 173 706	34 330 707

2.9 Securities investments - Reclassifications

	Held-to-maturity securities reclassified in 2008	Amount due at Dec. 31, 2011	Amount outstanding at Dec. 31, 2011	Unrealized loss (impairment) if there was no reclassification	Amount of recovery if there was no reclassification
AVAILABLE-FOR-SALE SECURITI	1,318,640	869,578	449,062	52,010	22,864
TOTAL	1,318,640	869,578	449,062	52,010	22,864

In accordance with CRB (*Comité de la Réglementation Bancaire*, the French Banking Regulations Committee) regulation 90-01 on accounting for security transactions, as introduced by CRC (*Comité de la Réglementation Comptable*, the French Accounting Regulations Committee) regulation 2008-17 of December 10, 2008 with regard to reclassifications of securities from "trading" securities" and from "available-for-sale securities" categories, BFCM did not make any such reclassification at December 31, 2011.

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

SECURITY TYPE	UNAMORTIZED NET DISCOUNTS/PREMIUMS	
	Discount	Premium
AVAILABLE-FOR-SALE SECURITIES		
Bond market	43,240	22,280
Money market	213	
HELD-TO-MATURITY SECURITIES		
Bond market	8,097	157
Money market	2	

2.11 Securities investments - Unrealized gains and losses

Amount of unrealized gains on available-for-sale securities:	438,315
Amount of unrealized losses on impaired available-for-sale securities:	286,232
Amount of unrealized losses on held-to-maturity securities:	113,075
Amount of unrealized gains on held-to-maturity securities:	93,048

2.12 Securities investments - Amount of receivables related to loaned securities

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
GOVERNMENT SECURITIES AND EQUIVALENT	0	0
BONDS AND OTHER FIXED-INCOME SECURITIES	0	0
EQUITIES AND OTHER VARIABLE-INCOME SECURIT	0	0

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

	Assets	Liabilities
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand		
Term		
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Other customer loans		
DUE TO CREDIT INSTITUTIONS		
Demand		
Term		
DUE TO CUSTOMERS		
Other liabilities		
Demand		
Term		
TOTAL	0	0

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

	Issuer		Accrued interest	TOTAL
	Government agencies	Other		
GOVERNMENT SECURITIES, BONDS AND OTHER FIXED-INCOME SECURITIES	3,962,166	29,990,257	174,365	34,126,788

2.15 Securities investments - Breakdown between listed and unlisted

	Amount of listed securities	Amount of unlisted securities	Accrued interest	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	3,151,756	498	44,205	3,196,459
BONDS AND OTHER FIXED-INCOME SECURITIES	23,967,346	6,832,823	130,160	30,930,329
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	182,437	21,482		203,919
TOTAL	27,301,539	6,854,803	174,365	34,330,707

2.16 Securities investments - Information on UCITS

	French UCITS	Foreign UCITS	TOTAL
VARIABLE-INCOME SECURITIES - UCITS	5,088	26,052	31,140

	Capitalization UCITS	Distribution UCITS	TOTAL
VARIABLE-INCOME SECURITIES - UCITS	31,140	0	31,140

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

	Amount invested in credit institutions at Dec. 31, 2011	Amount invested in credit institutions at Dec. 31, 2010
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,505,269	1,455,646
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	3,844,978	3,729,266
TOTAL	5,350,247	5,184,912

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

No available-for-sale securities were held at December 31, 2011.

2.19 Associates that are unlimited liability corporations

Business name	Registered office	Legal form
REMA	STRASBOURG	French general partnership (SNC)
CM-CIC FONCIERE	STRASBOURG	French general partnership (SNC)
STE CIVILE GESTION DES PARTS DANS L'ALSACE	STRASBOURG	French investment trust (SCP)
VULCAIN ENERGIE	PARIS	French economic interest group (GIE) with capital

2.20 Reserves

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
LEGAL RESERVE	130,219	119,795
REGULATORY AND CONTRACTUAL RESERVES	1,242,466	951,466
REGULATED RESERVES		
OTHER RESERVES	9,495	9,495
TOTAL	1,382,180	1,080,756

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

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
SET-UP COSTS		
Organization costs		
Start-up costs		
Capital increase and other costs		
RESEARCH AND DEVELOPMENT COSTS		
BUSINESS GOODWILL		
OTHER INTANGIBLE ASSETS	3,000	3,000
TOTAL	3,000	3,000

2.22 Receivables eligible for refinancing with a central bank

At December 31, 2011, loans to customers eligible for refinancing with central banks amounted to €416,731 thousand.

2.23 **Accrued interest receivable or payable**

	Accrued interest receivable	Accrued interest payable
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ASSETS

CASH, CENTRAL BANKS AND POST OFFICE BANKS		
GOVERNMENT AND SIMILAR SECURITIES	44,205	
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	6	
Term	711,954	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	47,024	
Current accounts in debit		
BONDS AND OTHER FIXED-INCOME SECURITIES	130,161	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS		
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		

LIABILITIES

CENTRAL BANKS AND POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS		
Demand		220
Term		467,261
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand		
Term		90,809
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments		229,712
Bonds		413,929
Other debt securities		
SUBORDINATED DEBT		73,429

TOTAL	933,350	1,275,360
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2.24 **Other assets and other liabilities**

<u>OTHER ASSETS</u>	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
CONDITIONAL INSTRUMENTS PURCHASED	2,752	3,370
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	13,556	36,127
SUNDRY DEBTORS	921,876	1,669,615
CARRY BACK RECEIVABLES		
OTHER STOCK AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	938,184	1,709,112

<u>OTHER LIABILITIES</u>	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
OTHER DEBTS ON SECURITIES		
CONDITIONAL INSTRUMENTS SOLD	2,755	3,494
DEBTS ON TRADING SECURITIES		
<i>Of which debts on securities borrowed</i>		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	4,500	11,594
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP	21	188
SUNDRY CREDITORS	1,022,061	428,377
TOTAL	1,029,337	443,653

2.25 **Accruals**

<u>ASSETS</u>	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
HEADQUARTERS AND BRANCH - NETWORK		
COLLECTIONS		
OTHER ADJUSTMENTS	331,423	5,829
SUSPENSE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED LOSSES ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS SETTLED	65,968	42,153
DEFERRED EXPENSES	139,119	154,727
PREPAID EXPENSES	10,635	19,237
ACCRUED INCOME	1,405,692	879,899
OTHER ACCRUALS	99,472	16,419
TOTAL	2,052,309	1,118,264

LIABILITIES

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
HEADQUARTERS AND BRANCH - NETWORK		
ACCOUNTS UNAVAILABLE DUE TO COLLECTION PROCEDURES	1,724	1,064
OTHER ADJUSTMENTS	5,711	262,832
SUSPENSE ACCOUNTS		
POTENTIAL GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS SETTLED	218,034	153,689
DEFERRED INCOME	10,249	10,891
ACCRUED EXPENSES	1,108,011	932,102
OTHER ACCRUALS	107,947	113,590
TOTAL	1,451,676	1,474,168

Articles L441-6-1 and D441-4 of the Commercial Code require companies to provide specific information on the maturity of amounts due to suppliers. The amounts due by our Company at December 31, 2011 were immaterial.

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

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
ISSUANCE PREMIUM ON FIXED-INCOME SECURITIES	160,095	105,446
REDEMPTION PREMIUMS ON FIXED-INCOME SECURITIES	37,073	29,043
TOTAL	197,168	134,489

2.27 **Provisions**

	Amount at Dec. 31, 2011	Additions	Reversals	Amount at Dec. 31, 2010	Reversal lag
PROVISION FOR SWAPS	192,984	139,520		53,464	< 1 year
PROVISION FOR TAXES	1,750		321	2,071	< 1 year
PROVISION FOR GUARANTEE CC	5,388			5,388	> 3 years
OTHER PROVISIONS	37,329	37,259	59,670	59,740	< 1 year
TOTAL	237,451	176,779	59,991	120,663	

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

ASSETS

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
CASH, CENTRAL BANKS AND POST OFFICE BANKS		
GOVERNMENT AND SIMILAR SECURITIES		
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	11,296,303	10,485,957
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	226,313	348,210
BONDS AND OTHER FIXED-INCOME SECURITIES	20,937	20,355
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	30,903	33,869
REAL ESTATE DEVELOPMENT		
SUBORDINATED LOANS		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,128,435	1,121,345
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		
INTANGIBLE ASSETS		
PROPERTY AND EQUIPMENT		
OTHER ASSETS	1,065	9,172
ACCRUALS	71,858	94,545
TOTAL FOREIGN-CURRENCY DENOMINATED ASSETS	12,775,814	12,113,453
Percentage of total assets	7.25%	8.32%

LIABILITIES

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
CENTRAL BANKS AND POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS	6,389,777	5,659,371
DUE TO CUSTOMERS	2,762,595	3,684,294
DEBT SECURITIES	4,428,558	9,603,281
OTHER LIABILITIES	68,183	21,265
ACCRUALS	65,290	92,001
PROVISIONS	31	8,606
SUBORDINATED DEBT		
TOTAL FOREIGN-CURRENCY DENOMINATED LIABILITIES	13,714,434	19,068,818
Percentage of total liabilities	7.78%	13.10%

3 NOTES TO THE OFF-STATEMENT OF FINANCIAL POSITION ITEMS

3.1 Assets pledged as collateral for commitments

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
ASSETS PLEDGED FOR TRANSACTIONS ON FORWARD MARKETS	0	0
OTHER ASSETS PLEDGED	34,308,285	30,572,544
<i>of which to Banque de France</i>	27,866,902	21,582,540
<i>of which to Société de financement de l'économie française</i>	6,441,383	8,990,004
TOTAL	34,308,285	30,572,544

CM-CIC Covered Bonds (CM-CIC CB) is a 99.99%-owned subsidiary of BFCM. Its purpose is to issue, exclusively on behalf of its parent company, securities backed by mortgages and equivalent assets distributed through the Crédit Mutuel and CIC networks. Contractual provisions require BFCM to provide assets as a guarantee for the securities issued by CM-CIC CB, should certain events occur (such as a decline in ratings below a certain level or in the amount of mortgage loans). At December 31, 2011, this procedure had not been called upon.

3.2 Assets received as collateral

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
ASSETS RECEIVED IN PLEDGE FOR TRANSACTIONS ON FORWARD MARKETS		
OTHER ASSETS RECEIVED	947,011	1,778,442
<i>of which from Société de financement de l'économie française</i>	947,011	1,778,442
TOTAL	947,011	1,778,442

The bank obtains refinancing from Caisse de Refinancement de l'Habitat through the issuance of promissory notes secured by receivables, in accordance with Article L 313-42 of the French Monetary and Financial Code. At December 31, 2011 assigned receivables totaled €8,588,962 thousand. The home loans securing these promissory notes are provided by the Crédit Mutuel Group, of which BFCM is a subsidiary. These loans amounted to €9,496,351 thousand at that same date.

3.3 Forward transactions in foreign currencies not settled at December 31

	Amount at Dec. 31, 2011 versus	Amount at Dec. 31, 2010 versus		
FORWARD FOREIGN EXCHANGE TRANSACTIONS				
Euros receivable/foreign currencies payable	4,939,914	5,016,057	4,973,688	4,944,074
<i>of which currency swaps</i>	409,950	384,582	733,793	701,742
Foreign currencies receivable/euros payable	7,001,049	6,676,178	13,110,376	13,048,570
<i>of which currency swaps</i>	3,788,136	3,568,982	5,174,484	5,203,959
Foreign currencies receivable/foreign currencies payable	4,598,827	4,518,490	10,351,071	10,636,556
<i>of which currency swaps</i>				

3.4 Other forward transactions not settled at December 31

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS, CARRIED OUT ON REGULATED AND SIMILAR MARKETS		
Firm hedging transactions		
<i>Of which sales of futures contracts</i>		
<i>Of which purchases of futures contracts</i>		
Conditional hedging transactions		
Other firm transactions		
<i>Of which sales of futures contracts</i>		
OTC TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS		
Firm hedging transactions	199,027,489	185,968,026
<i>of which interest rate swaps</i>	192,378,504	181,631,861
<i>interest rate swaps denominated in foreign currencies</i>	6,648,985	4,336,165
<i>purchases of forward rate agreements</i>		
<i>sales of forward rate agreements</i>		
Conditional hedging transactions	916,800	
<i>of which purchases of swap options</i>		
<i>sales of swap options</i>		
<i>of which purchases of caps and floors</i>	458,400	
<i>sales of caps and floors</i>	458,400	
Other firm transactions	482,496	1,001,526
<i>of which interest rate swaps</i>	482,496	1,001,526
<i>interest rate swaps denominated in foreign currencies</i>		
Other conditional transactions		
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions	11,466	295,582
<i>of which purchases of foreign exchange options</i>	5,733	147,791
<i>sales of foreign exchange options</i>	5,733	147,791
OTC TRANSACTIONS INVOLVING INSTRUMENTS OTHER THAN FIXED-INCOME AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions		
<i>of which purchases of non-deliverable forwards</i>		
<i>sales of non-deliverable forwards</i>		
Conditional hedging transactions		7,154
<i>Of which purchases of options</i>		3,577
<i>sales of options</i>		3,577

3.5 Analysis of forward transactions not yet settled by residual maturity

	Amount at Dec. 31, 2011			Amount at Dec. 31, 2010		
	0 - 1 year	1 - 5 years	> 5 years	0 - 1 year	1 - 5 years	> 5 years
FOREIGN CURRENCY TRANSACTIONS	14,283,668	1,790,032	137,024	25,182,243	3,494,032	2,925
TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS, CARRIED OUT ON REGULATED MARKETS						
Firm transactions						
<i>of which sales of futures contracts</i>						
<i>of which purchases of futures contracts</i>						
Other firm transactions						
<i>Of which sales of futures contracts</i>						
OTC TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS						
Firm transactions	121,100,466	42,598,288	35,811,231	117,184,882	35,599,155	34,185,515
<i>of which swaps</i>	121,100,466	42,598,288	35,811,231	117,184,882	35,599,155	34,185,515
<i>purchases of forward rate agreements</i>						
<i>sales of forward rate agreements</i>						
Conditional hedging transactions	80,000	836,800				
<i>of which purchases of swap options</i>						
<i>sales of swap options</i>						
<i>of which purchases of caps and floors</i>	40,000	418,400				
<i>sales of caps and floors</i>	40,000	418,400				
Other conditional transactions						
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions	11,466			284,302	11,280	
<i>of which purchases of foreign exchange options</i>	5,733			142,151	5,640	
<i>sales of foreign exchange options</i>	5,733			142,151	5,640	
OTC TRANSACTIONS INVOLVING OTHER FORWARD INSTRUMENTS						
Firm transactions						
<i>of which purchases of non-deliverable forwards</i>						
<i>sales of non-deliverable forwards</i>						
Conditional transactions					7,154	
<i>Of which purchases of options</i>					3,577	
<i>sales of options</i>					3,577	

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

Commitments given

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
Financing commitments	203,000	
Guarantee commitments	3,213,403	2,899,242
Foreign exchange commitments	2,790,662	3,590,779
Commitments on forward financial instruments	5,745,702	7,975,583
TOTAL	11,952,767	14,465,604

Commitments received

	Amount at Dec. 31, 2011	Amount at Dec. 31, 2010
Financing commitments		
Guarantee commitments	11,606	13,699
Foreign exchange commitments	2,672,182	3,568,357
Commitments on forward financial instruments	2,942	85,119
TOTAL	2,686,730	3,667,175

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

3.7 Fair value of derivative instruments

	Amount at Dec. 31, 2011		Amount at Dec. 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Interest rate risk - hedge accounting (macro-micro)				
Conditional or optional instruments	90	90		
Firm instruments other than swaps				
Embedded derivatives	133,437	163,855	80,457	153,317
Swaps	2,558,586	2,255,226	1,923,929	2,392,143
Interest rate risks - excluding hedge accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	645,022	647,979	92	186
Foreign exchange risk				
Conditional or optional instruments				
Firm instruments other than swaps	9,596	9,431	17,370	20,291
Swaps	16,770	11,375	27,762	18,263

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

4 NOTES TO THE INCOME STATEMENT

4.1 Interest income and expense

	Income 2011	Income 2010
CREDIT INSTITUTIONS	5,896,677	5,246,565
CUSTOMERS	212,491	172,726
BONDS AND OTHER FIXED-INCOME SECURITIES	741,118	528,467
SUBORDINATED LOANS	105,154	97,666
OTHER SIMILAR INCOME	23,621	29,113
NET REVERSAL OF (ADDITION TO) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		37
NET REVERSAL OF (ADDITION TO) PROVISIONS ON OTHER SIMILAR INCOME		
TOTAL	6,979,061	6,074,574

	Expenses 2011	Expenses 2010
CREDIT INSTITUTIONS	4,685,200	4,325,126
CUSTOMERS	380,880	402,223
BONDS AND OTHER FIXED-INCOME SECURITIES	1,400,841	963,408
SUBORDINATED DEBT	366,713	320,369
OTHER SIMILAR EXPENSES	52,609	27,995
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET ADDITION TO (REVERSAL OF) PROVISIONS FOR OTHER SIMILAR EXPENSES	35,789	
TOTAL	6,922,032	6,039,121

4.2 Analysis of income from variable-income securities

	Amount 2011	Amount 2010
AVAILABLE-FOR-SALE EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	8,098	6,095
SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	501,994	228,888
MEDIUM-TERM AVAILABLE-FOR-SALE SECURITIES		
TOTAL	510,092	234,983

4.3 Fees and commissions

	Income 2011	Income 2010
CREDIT INSTITUTIONS	285	10,109
CUSTOMERS	2,975	10,648
SECURITIES TRANSACTIONS	71	91
FOREIGN EXCHANGE TRANSACTIONS	2	9
FINANCIAL SERVICES PROVIDED	17,466	18,936
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		68
OTHER	1,196	773
REVERSALS OF PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	21,995	40,634

	Expenses 2011	Expenses 2010
CREDIT INSTITUTIONS	641	745
CUSTOMERS		
SECURITIES TRANSACTIONS	25,824	8,131
FOREIGN EXCHANGE TRANSACTIONS	1,185	1,184
FINANCIAL SERVICES PROVIDED	6,843	6,626
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	1,420	923
ADDITIONS TO PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	35,913	17,609

4.4 Gains (losses) on trading securities

	Amount 2011	Amount 2010
TRADING SECURITIES	10,660	3,925
FOREIGN EXCHANGE	4,269	6,119
FORWARD FINANCIAL INSTRUMENTS	-481	-178
NET IMPAIRMENT REVERSALS (LOSSES)	-139,512	-13,175
TOTAL	-125,064	-3,309

4.5 Gains (losses) on available-for-sale and similar securities

	Amount 2011	Amount 2010
ACQUISITION EXPENSES ON AVAILABLE-FOR-SALE SECURITIES		256
NET GAIN (LOSS) ON DISPOSALS	-18,910	-2,642
NET IMPAIRMENT REVERSALS (LOSSES)	-58,095	-33,203
TOTAL	-77,005	-35,589

4.6 Other operating income and expenses

	Amount 2011	Amount 2010
MISCELLANEOUS OPERATING INCOME	63,468	29,472
MISCELLANEOUS OPERATING EXPENSES	-39,866	-61,514
TOTAL	23,602	-32,042

4.7 Operating expenses

	Amount 2011	Amount 2010
SALARIES AND WAGES	4,859	7,301
RETIREMENT BENEFITS EXPENSE	588	649
OTHER PAYROLL-RELATED EXPENSES	1,417	1,919
PROFIT-SHARING AND INCENTIVE PLANS	325	339
PAYROLL AND SIMILAR TAXES	825	1,216
OTHER TAXES AND DUTIES	12,734	8,294
EXTERNAL SERVICES	34,472	40,029
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO OPERATING EXPENSES		-2,535
REINVOICED EXPENSES	-6,350	-6,969
TOTAL	48,870	50,243

The total amount of direct and indirect remuneration paid in 2011 to directors and corporate officers of BFCM was €5,334,461.79 compared to €3,934,936 in 2010. No attendance fees were paid.

Related-party transactions:

- At its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to performance and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €770,000 (including social security contributions);

- At its meeting of May 8, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to performance and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €1,120,000 (including social security contributions).

In his capacity as a corporate officer, Mr. Fradin also benefits from a supplemental pension plan on the same terms and conditions as all other BFCM employees. 2011 contributions to the insurance company amounted to €11,407 and covered the entire commitment.

Individual right to training (Droit individuel à la formation, DIF) hours earned by employees in 2011 in accordance with Articles L933-1 to L933-6 of the French Labor Code totaled 2,752 hours.

Pursuant to Decree 2008-1487 of November 30, 2008 relating to statutory auditors, the fees paid for the statutory audit amounted to €544,263.82. Fees for directly-related advisory and other services totaled €1,052,418.05.

4.8 Net additions to/reversals from provisions for loan losses

	Amount 2011	Amount 2010
ADDITIONS TO PROVISIONS FOR RECEIVABLES	-62,794	-386
REVERSALS OF PROVISIONS FOR RECEIVABLES		261,036
LOSS ON IRRECOVERABLE RECEIVABLES COVERED BY PROVISIONS		-119,409
TOTAL	-62,794	141,241

The main addition to provisions related to Greek sovereign debt risk (72% coverage at December 31, 2011).

4.9 **Gains (losses) on non-current assets**

	Amount 2011	Amount 2010
GAINS (LOSSES) ON PROPERTY AND EQUIPMENT	1	3
GAINS (LOSSES) ON FINANCIAL ASSETS	-36	8,841
IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS		-32,578
TOTAL	-35	-23,734

5.0 **Breakdown of corporate income tax**

	Amount 2011	Amount 2010
(A) TAX ON ORDINARY INCOME	7,337	31,712
(B) TAX ON EXTRAORDINARY ITEMS		
(C) EFFECTS OF TAX CONSOLIDATION	-48,807	-43,455
(A + B + C) INCOME TAX FOR THE YEAR	-41,470	-11,743
ADDITIONS TO PROVISIONS RELATING TO INCOME TAX		
REVERSALS OF PROVISIONS RELATING TO INCOME TAX	-321	-1,535
TOTAL CORPORATE INCOME TAX FOR THE YEAR	-41,791	-13,278

5.1 **Loss carryforwards**

	Amount 2011	Amount 2010
ACCOUNTING LOSS - COMPANY		
TAXABLE LOSS CARRYFORWARD - COMPANY		
TAXABLE LOSS - CONSOLIDATED GROUP		44,680

FIVE-YEAR FINANCIAL SUMMARY

(amounts in €)

	2007	2008	2009	2010	2011
1. Capital at the reporting date					
a) Capital stock	1,302,192,250.00	1,302,192,250.00	1,302,192,250.00	1,302,192,250.00	1,324,813,250.00
b) Number of common shares outstanding	26,043,845	26,043,845	26,043,845	26,043,845	26,496,265 (a)
c) Par value of shares	50 €	50 €	50 €	50 €	50 €
d) Number of preferred shares (no voting rights) outstanding					
2. Results of operations					
a) Net banking income, income from securities investments and other income	287,983,430.27	-21,567,381.78	339,294,315.93	222,520,610.80	374,735,749.37
b) Income before tax, profit-sharing, depreciation, amortization and provisions	330,939,819.96	489,733,977.32	48,974,566.71	284,102,040.62	485,783,259.18
c) Corporate income tax	-4,036,425.35 (NB)	-79,003,762.46	-106,072,636.66	-11,742,875.03	-41,469,790.81
d) P Profit sharing	66,099.08	65,584.31	217,872.50	93,768.43	120,989.88
e) Income after tax, profit-sharing, depreciation, amortization and provisions	254,274,957.81	-130,608,227.75	330,938,950.34	302,074,929.32	289,765,321.77
f) Earnings distributed	194,807,960.60	0.00	129,177,471.20	0.00	52,463,198.60
3. Earnings per share					
a) Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	12.71	21.75	5.95	11.36	19.89
b) Earnings after tax, profit-sharing, depreciation, amortization and provisions	9.76	-5.01	12.71	11.60	10.94
c) Dividend per share	7.48	0.00	4.96	0.00	2.00 (b)
					0.83 (b)
4. Employees					
a) Average number of employees for the year	30	29	25	27	26
b) Payroll expense	5,656,716.16	5,624,329.26	4,736,290.22	7,300,519.96	4,859,236.29
c) Employee benefits (social security, benefit plans)	2,095,605.05	2,070,186.20	1,915,023.19	2,567,884.95	2,004,643.97

(a): 26,043,845 shares carrying dividend rights for the full year and 452,420 new shares carrying entitlement to dividends from July 28, 2011.

(b): A dividend of €2.00 was paid out for each share carrying dividend rights for the full year and a dividend of €0.83 was paid out for each new share carrying entitlement to dividends from July 28, 2011.

(NB) Pursuant to CRC (*Comité de la Réglementation Comptable*), the French Accounting Regulations Committee) regulation 2000-03, applied as from 2001, the amount of corporate income tax mentioned above includes tax due for the year and movements on related provisions.

4.3 Information on subsidiary and associated companies

A. DETAILED INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF BFCM'S CAPITAL (€13,248,132.50)	Capital at last reporting date	Shareholders' equity other than capital and unappropriated earnings at last reporting date	Percentage of capital held at Dec. 31, 2011	Carrying amount of investment held at Dec. 31, 2011		Outstanding loans and advances granted by the Bank at Dec. 31, 2011 at Dec. 31, 2011	Guarantees and securities given by the Bank at Dec. 31, 2011	Revenue for the last reported year	Net income (loss) for the last reported year	Net dividends received by the Bank in 2011	Year ended:
				Gross	Net						
1) Subsidiaries (more than 50 %-owned)											
VENTADOUR INVESTISSEMENT 1, SA, Paris	600,000,000	-60,886,207	100.00	600,283,790	600,283,790	457,616,000	0	32,224,369	11,992,557	0	Dec. 31, 2010
CM AKQUISITIONS GmbH, Düsseldorf	25,000	200,454,570	100.00	200,225,000	200,225,000	4,760,000,000	0	43,155,152	49,348,530	0	Dec. 31, 2010
CREDIT MUTUEL-CIC Home Loan SFH (formerly CM-CIC COVERED BONDS)	120,000,000	1,400,000	100.00	119,999,980	119,999,980	7,419,439,000	0	1,635,000(5)	700,000	0	Dec. 31, 2011
GRUPE REPUBLICAIN LORRAIN COMMUNICATION, SAS, Woippy	1,512,400	76,470,049	100.00	94,514,159	94,514,159	11,263,251	0	3,489,268	-910,457	0	Dec. 31, 2011 (1)
CIC IBERBANCO, SA à Directeur et Conseil de Surveillance, Paris	25,143,000	44,887,000	100.00	84,998,448	84,998,448	46,000,000	0	16,565,000(5)	609,000	0	Dec. 31, 2011
EBRA, SAS	40,038,000	-98,205,532	100.00	40,037,316	0	85,204,643	0	2,163,866	-6,454,942	0	Dec. 31, 2011 (1)
BANQUE DU CREDIT MUTUEL ILE-DE-FRANCE, SA, Paris	15,200,000	3,902,417	100.00	19,040,589	19,040,589	0	0	171,575(5)	99,121	0	Dec. 31, 2011
CM-CIC IMMOBILIER (formerly ATARAXIA)	31,137,360	33,874,413	100.00	79,421,358	79,421,358	0	0	2,181,858	-138,074	0	Dec. 31, 2011
BANQUE DE L'ECONOMIE DU COMMERCE ET DE LA MONETIQUE, BECM, SAS, Strasbourg	100,560,780	410,977,109	96.22	201,122,287	201,122,287	9,758,138,000	2,750,000,000	208,476,580	68,983,528	23,971,355	Dec. 31, 2011
SOCIETE FRANCAISE D'EDITION DE JOURNAUX ET D'IMPRIMERIES COMMERCIAUX 'L'ALSACE', SAS, Mulhouse	10,210,200	5,674,097	95.60	15,945,250	13,794,250	5,499,096	0	1,828,288	-11,719,991	0	Dec. 31, 2011 (1)
France EST, SAS, Houdemont	34,400,000	106,575,820	80.00	128,000,000	128,000,000	11,973,191	0	3,369,293	-92,199	0	Dec. 31, 2011 (1)
SOCIETE DU JOURNAL L'EST REPUBLICAIN	2,400,000	-20,762,894	72.75	78,381,732	78,381,732	0	0	102,757,851	-3,962,083	0	Dec. 31, 2011 (1)
CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris	608,439,888	4,448,000,000	72.48	2,932,540,410	2,932,540,410	41,695,908,000	392,463,000	3,781,357,000	275,000,000	242,587,849	Dec. 31, 2011
CARMEN HOLDING INVESTISSEMENT, SA, Paris	489,966,960	490,976,246	83.50	833,973,777	833,973,777	0	0	35,594,059	34,971,761	27,620,885	Dec. 31, 2011 (1)
GRUPE DES ASSURANCES DU CREDIT MUTUEL, SA, Strasbourg	1,118,792,960	1,431,372,246	52.81	974,660,599	974,660,599	0	0	8,165,409,000	287,688,872	158,176,308	Dec. 31, 2011
2) Associates (10% to 50% owned)											
TARGOBANK Spain (formerly BANCO POPULAR HIPOTECARIO)	176,650,000	81,710,000	50.00	312,500,000	312,500,000	15,000,000	0	2,476,710,000	5,420,000	0	Dec. 31, 2010
BANQUE DU GROUPE CASINO (from Jan 1, 2012)	(4)	(4)	50.00	89,655,000	89,655,000	304,000,000	203,000,000	(4)	(4)	0	
CM-CIC LEASE, SA, Paris	64,399,232	50,664,118	45.94	47,778,610	47,778,610	2,563,163,000	22,486,000	443,418,317	5,611,887	4,586,120	Dec. 31, 2011
BANQUE de Luxembourg, Luxembourg	104,784,000	500,416,000	27.63	144,746,191	144,746,191	0	0	267,900,000(5)	57,300,000	8,800,800	Dec. 31, 2011 (1)
CLUB SAGEM, SAS, Paris	130,767,692	112,139,536	25.26	101,004,463	101,004,463	0	0	0	154,282,441	0	Dec. 31, 2010
BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Casablanca	1,719,834,000(3)	3,388,542,000(3)	25.00	1,044,597,063	1,044,597,063	0	0	7,236,779,000(3)	521,741,000(3)	10,082,739	Dec. 31, 2010
BANQUE DE TUNISIE, Tunis	112,900,000(2)	299,548,000(2)	20.00	91,418,621	91,418,621	0	0	216,078,000(2)	55,575,000(2)	2,725,562	Dec. 31, 2010
CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris	299,702,000	11,397,000	23.00	71,502,470	71,502,470	98,028,736	417,108,500	1,765,162,000	979,000	0	Dec. 31, 2011
3) Other (less than 10%-owned)											
BANCO POPULAR ESPAGNOL	137,530,000	8,775,630,000	5.00	298,161,710	298,161,710	0	0	3,462,008,000(5)	604,454,000	12,555,663	Dec. 31, 2010
SICOVAM HOLDING, SA, Paris	10,264,764	522,967,380	2.50	14,545,687	14,545,687	0	0	0	5,467,036	187,250	July 31, 2011

(1) Statement of financial position and accounts have not been closed

(2) Amounts in Tunisian dinars

(3) Amounts in Moroccan dirhams

(4) Not provided

(5) Net banking income

B. GENERAL INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	Capital at last reporting date	Shareholders' equity other than capital and unappropriated earnings at last reporting date	Percentage of capital held at Dec. 31, 2011	Carrying amount of investment held at Dec. 31, 2011		Outstanding loans and advances granted by the Bank at Dec. 31, 2011	Guarantees and securities given by the Bank at Dec. 31, 2011	Revenues for the last reported year	Net income (loss) for the last reported year	Net dividends received by the Bank in 2011
				Gross	Net					
1) Subsidiaries not included in section A										
a) French subsidiaries (collectively) of which <i>SNC Rema, Strasbourg</i>				39,750,602	29,489,830	1,183,546,700	0			4,697,925
b) Foreign subsidiaries (collectively)				304,883	304,883	0	0			101,895
				0	0					
1) Associates not included in section A										
a) French associates (collectively) of which <i>Société de Gestion des Paris du Crédit Mutuel dans le Journal "L'Alsace", Société Civile, Strasbourg</i>				22,342,695	22,330,115	206,933	0			540,337
b) Foreign associates (collectively)				6,003,519	6,003,519					
				4,444,989	4,444,989	0	0			3,829,921
3) Other investments not included in section A										
a) Other investments in French companies (collectively) of which <i>GIE Vulcain Energie, Paris</i>				16,112,188	15,545,388	300,500,000	23,186,000			1,205,091
b) Other investments in foreign companies (collectively)				58,110	58,110	0	0			0
				434,554	434,554	0	0			0

4.4 Statutory Auditors' reports on the parent company financial statements

This is a free translation into English of the statutory auditors' report on the parent company financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the parent company financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the parent company financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit
A unit of KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Statutory Auditor
Member of the Versailles regional
Institute of accountants

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
a French simplified limited liability company with variable
capital (S.A.S. à capital variable)

Statutory Auditor
Member of the Versailles regional
Institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2011

Statutory Auditors' report on the parent company financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of BFCM;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France: those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2011, and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

The accounting estimates used in preparing the financial statements at December 31, 2011 were made in an uncertain environment related to the public finance crisis in certain euro zone countries (particularly Greece), combined with an economic crisis and a liquidity crisis, which makes an assessment of the economic outlook difficult. Against this backdrop and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The Company uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Note 1 to the financial statements. We examined the control systems applied to the models used and to the process of determining whether or not a market is inactive and to the criteria used.
- As stated in Notes 1 and 2.3 to the financial statements, the Company records impairment losses and provisions to cover the credit risks inherent to its business. We examined the control systems applicable to the monitoring of credit risk, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risks.
- The Company made other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of investments in non-consolidated companies and other long-term equity investments, and the assessment of retirement benefit obligations recognized and provisions for legal risks. We examined the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in Note 1 to the financial statements.

These assessments were made as part of our audit of the financial statements taken as a whole, and thus contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents sent to shareholders on the financial position and the financial statements.

As regards the information provided in accordance with Article L. 225-102-1 of the French Commercial Code on remuneration and benefits paid to corporate officers and commitments made in their favor, we verified the consistency of this information with the information given in the financial statements or with the data used to prepare the financial statements, and, if applicable, with the information received by the Company from companies that control it or are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the main holders of shares and voting rights has been properly disclosed in the management report.

Paris-La Défense, April 19, 2012

French original signed by The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG et Autres

Jean-François Dandé

Isabelle Santenac

Chapter V CONSOLIDATED FINANCIAL STATEMENTS

5.1 Management report of BFCM

2011 economic review

A roller coaster year

Although 2011 began with signs of recovery, a series of events (earthquake in Japan, uncertainties surrounding the Arab Spring, military intervention in Libya, debt crisis in Europe) halted the momentum of the world economy.

The pace of growth in Europe slowed down significantly after a promising start of the year. In the United States, on the other hand, the situation steadily improved. Emerging countries coped with persistent inflationary pressures, forcing them to sacrifice some of their potential in order to keep inflation in check.

Against this backdrop, the financial markets fluctuated substantially, finishing the year in the red except for a few particularly tenacious US indices. Differences in European sovereign bond rates became even more pronounced in favor of the safest countries, and the euro fell amid fears of renewed inflation after the European Central Bank (ECB) helped euro zone banks refinance on a large scale.

Europe: the endless crisis

The debt crisis continued to worsen during the year. Each period of anxiety was followed by another and leaders failed to deal with the problem as a whole, attempting to limit it first to Greece and Ireland, and then to Portugal, Spain and Italy.

Today, the issue is no longer contagion but survival of the currency area in its entirety. To put an end to this downward spiral, the authorities endeavored to solve three problems: deficit reduction, failures of governance and the fragility of the banking system.

Numerous treaties were signed (Stability and Growth Pact, Euro Pact Plus, etc.) creating mechanisms (European Financial Stability Facility, European Stability Mechanism, European Semester, Golden Rule, etc.) aimed at improving the European Union's fiscal convergence, operating rules, solidarity and solidity. But implementation times and the lack of response in support of the economy undermined their effectiveness.

Today, investors worry as much about public debt reduction as they do about the sluggish economy: the challenge for Europe is therefore to provide reassurance as to its ability to reduce public deficits, but at a sufficiently moderate pace to avoid further harming the economy.

But to be able to buy time, creditors must be confident, which is not the case for the peripheral southern countries. To regain this credibility, troubled countries have agreed to external pressures and have turned to the European Union and the International Monetary Fund for financial assistance. It is a first step on a very long road.

2012 will again be marked by strong volatility when leaders attend summit meetings. However, the euro zone should be able to gradually emerge from the crisis, given the determination of creditors to demand that leaders continue their efforts. Several quarters of recession will be inevitable for the weakest countries. The challenge is to protect what little momentum remains by ensuring, in particular, that banks, which are at the center of the storm, have the necessary means to continue to finance business and household requirements.

Financial institutions can undoubtedly count on the European Central Bank, which is doing everything in its power to avoid a credit crunch. For instance, after raising rates in April 2011 because of fears of rising prices, it lowered them in October to boost activity. It also made unlimited liquidity available to banks and continued to purchase sovereign debt on the secondary market. Despite these measures, many investors expect more from the ECB, including that it establish

itself as lender of last resort not only for banks but also for central governments. This solution, which would provide

real short-term relief, would be trickier in the medium term as it would fuel inflation and take responsibility away from governments that are reluctant to make electorally painful decisions.

United States: election year

Growth in the US, on the other hand, accelerated in 2011. It started out extremely low, having turned out to be less than 1% during the first six months of the year after the August revision. Statistics published for the last quarter showed more positive signs with renewed confidence linked to the continued drop in unemployment, which will need to be confirmed.

In fact, the country was impacted more heavily than expected by imbalances in the production chains that depend on Japan. More importantly, public spending fell much more sharply than expected. Republicans and Democrats were deadlocked over first the 2011 budget, then raising the debt ceiling, finding ways to reduce the deficit over the next 10 years and extending support measures.

Each negotiation was an opportunity for Republicans to cut spending. This largely explains the sluggishness of the economy in the first half of the year. Moreover, the chasm between the two parties, which is wider than ever, created fiscal and regulatory instability.

Uncertainty about the future prompted households and businesses to take a wait-and-see approach. Standard & Poor's revoked the United States' famous AAA credit rating.

2012 will again be marked by political tensions with the November presidential elections taking center stage. The wrangling is expected to continue, threatening the country's prospects. Numerous budget support measures passed at the height of the storm are set to expire during the year.

If no agreement is reached, the impact on GDP would be in the hundreds of billions of dollars, causing it to grow only very modestly. Throughout 2011, the Federal Reserve Bank provided a moderate degree of support for the economy. It is expected to take the same approach in 2012, but more rapid deterioration of the economy with a rise in unemployment would probably force it to intensify its expansionist monetary policy.

Emerging countries: slow decline in growth

In 2011, emerging countries continued to achieve a high level of wealth creation (over 6%) but at a slower pace than in 2010. The restrictive monetary policies designed to combat inflationary pressures had economic repercussions which varied according to the regions.

Social instability stemming from a rise in commodities prices forced governments to take action to limit the effects of this increase on household purchasing power. Subsidies, price freezes and salary increases were put in place.

These measures hurt competitiveness and made investments less profitable. This trend was reinforced by a rise in exchange rates relative to the currencies of developed countries, further threatening the countries' trade balance.

This downturn was accompanied by a drop in foreign demand in the second half of the year, due in particular to austerity in Europe. Confirmation of this trend would lead central banks to ease their monetary policies in order to limit the impact on growth.

This change of attitude, which has already begun in Brazil, Russia and Indonesia, is expected to be confirmed in 2012 and should result in lower borrowing costs and a movement of capital to the developed world. A decrease in the parities of currencies of emerging countries is also expected. This would support exports but would encourage imported inflation and could destabilize the economy of some countries, such as Turkey and Brazil (currency crisis risk).

In light of this past uncertainty and with a limited perspective, our Group has felt the effects of this situation. However, as a group focused more on retail banking in the domestic market, BFCM was less exposed than other groups which are geared more toward international and investment banking.

Earnings for the year reflect this situation but, although lower than last year, they are highly satisfactory. The involvement of the elected representatives, the hard work and training of our employees and the sound management choices made have been key to our success during this difficult period.

2011 was also a special year within the Group. The partnership made up of five Federations until 2010 was expanded to

include the Centre, Dauphiné-Vivaraix, Loire Atlantique Centre-Ouest, Méditerranée and Normandie federations. This grouping, which now consists of 10 regional groups, forms CM10 and there are plans to add the Angers Group in 2012, thereby forming CM11.

This pooling of interests, which is unique in terms of the number of federations involved and its size, is coupled with a scheme for developing and strengthening shared services, making the Group stronger and more efficient.

Key financial points relating to the consolidated financial statements of Banque Fédérative du Crédit Mutuel

Pursuant to regulation (EC) 1606/2002 on the application of International Accounting Standards and regulation 1126/2008 on their adoption, the consolidated financial statements for the financial year have been prepared in accordance with the IFRS framework as adopted by the European Union as of December 31, 2011. This IFRS framework includes IAS 1 to 41, IFRS 1 to 8 and their SIC - IFRIC interpretations adopted as of that date. No standard not adopted by the European Union has been applied. The summary statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The information on risk management required by IFRS 7 is shown in a specific chapter of the management report.
Note: The table of new accounting standards applied as of January 1, 2011 is presented on page 137

Change in scope of consolidation

Changes in the scope of consolidation as of December 31, 2011 were as follows:

- Additions to the scope of consolidation:

Banking network and network subsidiaries: Banque Casino

Insurance: Voy Mediation, Atlancourtage.

Other companies: CM-CIC Immobilier, France Est, L'Est Républicain, Journal de la Haute Marne, Affiches d'Alsace Lorraine, Alsatic, Alsace Média Participations, Alsacienne de Portage des DNA, A.Télé, Les Dernières Nouvelles d'Alsace, Les Dernières Nouvelles de Colmar, France Régie, Publicité Moderne, Roto Champagne, Société Alsacienne de Presse de l'Audiovisuel, SDV Plurimédia, Société de Presse Investissement, Top Est 88, SEHLJ, Est Bourgogne Média.

- Mergers / acquisitions: CIC Investissements with CMCIC Investissement, Financière Voltaire with CMCIC Capital Finance, GPK Finance with Transatlantique Gestion, Société Foncière et Financière with CMCIC Capital Finance, IPO with CMCIC Investissement and IPO Ingénierie with CMCIC Capital Finance, les Journaux de Saône et Loire with Est Bourgogne Media and le Bien Public with Est Bourgogne Media.

- Removals from the scope of consolidation: Alsace Publicité, Cofidis Romania, Euro Protection Services, ICM Ré, Vizille de Participations.

Group activity and results

Analysis of the consolidated statement of financial position

The total IFRS consolidated statement of financial position of BFCM Group was €382.2 billion compared to €375.3 billion in 2010 (+1.7%).³

Financial liabilities measured at fair value through profit or loss amounted to €30.9 billion in 2011, compared to €34.2 billion in 2010. Those financial liabilities were mainly derivatives and other financial trading liabilities, as well as amounts due to credit institutions and measured at fair value through profit or loss.

The other liabilities due to credit institutions came to €49.1 billion, compared to €38.2 billion in 2010 (+28.2%).³

Issues of securities other than those measured at fair value through profit or loss totaled €86.7 billion, against €94.6 billion in 2010 (-8.4%). Interbank securities and negotiable debt securities accounted for the bulk of these, with an outstanding amount of €46.6 billion, followed by bond loans (€40.0 billion). The balance comprised short-term notes and various other securities.

The item “Due to customers” on the liabilities side of the statement of financial position is made up of customer savings deposits, including accrued interest. These deposits increased by 11.5%³ to €119.7 billion in 2011⁴, confirming the significant recovery of savings-related inflows. The contribution of CIC entities alone represented 79% of this total, i.e. €99.9 billion, whereas TARGOBANK Germany contributed 8% (€9.6 billion), Cofidis Group €0.5 billion and TARGOBANK Spain €0.8 billion.

Technical reserves of insurance companies, representing liabilities to policyholders, came to €55.9 billion (+0.8%), of which €52.6 billion comprised customer savings entrusted to the life assurance companies of Groupe Assurances du Crédit Mutuel (GACM).

The non-controlling interests shown as liabilities (€3.1 billion at the end of 2011) mainly related to other Crédit Mutuel companies' shareholdings in Groupe des Assurances du Crédit Mutuel (GACM, of which they own 28% of the capital), external shareholders within CIC (8% du capital) and the outside shareholders of the Cofidis Group (57% of the capital).

On the assets side, interbank investments increased by 1.0%³ between 2010 and 2011 to €66.1 billion.

Total loans and receivables due from customers rose from €159.5 billion to €165.4 billion (+3.5%)³

Nearly 80% of all loans are granted through CIC entities. The loan portfolio of TARGOBANK Germany stood at €10.0 billion, i.e. slightly more than 6% of total loans outstanding. Cofidis' loan portfolio amounted to €7.6 billion (5% of total loans outstanding) while TARGOBANK Spain contributed nearly €1 billion and Banque Casino €0.3 billion.

Financial instruments measured at fair value through profit or loss came to €36.9 billion, versus €40.1 billion in 2010.

Goodwill on the assets side (totaling €4.2 billion) resulted mainly from the acquisition of TARGOBANK Germany securities in December 2008 (€2.8 billion), the acquisition of a €0.4 billion stake in the Cofidis Group at the beginning of March 2009, CIC securities (residual goodwill of €506 million) and TARGOBANK Spain securities for €183 million.

Analysis of the consolidated income statement

The BFCM Group recorded a net tax charge of €330 million on its portfolio of Greek sovereign bonds. The residual book value of its Greek sovereign debt, impaired by 70% compared to the purchase value for the banking sector (€193 million in net outstanding) and by 78% for the insurance sector (€13 million in net outstanding), totaled €206 million.

Total net banking income totaled €7,753 million at December 31, 2011, compared to €8,481 million in 2010.

Net additions to/reversals from provisions for loan losses stood at €1,336 million at December 31, 2011. Restated for the impact of Greek sovereign bonds, it came down to €885 million. The ratio of net additions to/reversals from provisions for loan losses to outstanding loans improved (0.52% versus 0.72% at the end of 2010) and the overall non-performing loan coverage ratio was 69.86%.

³ 2011/2010 change on a comparable period and consolidation scope basis

⁴ Customer deposits excluding SFEF (6.4 billion)

Net income amounted to €1,050 million, compared to €1,751 million in 2010.

BFCM is a subsidiary of the CM10-CIC Group. The Group's European Tier 1 capital adequacy ratio was 11.0% and Tier 1 regulatory capital stood at €21.5 billion at December 31, 2011.

The Group has the following long-term ratings: A+ by Standard & Poor's, Aa3 by Moody's and A+ by Fitch.

Breakdown by activity:

Description of the business lines

The selected businesses correspond to the organization of the BFCM Group. The reader may refer to Note 2 to the financial statements (page 156), which provides a detailed segment analysis of the statement of financial position and the income statement, as well as Note 3 (page 158), which presents the selected groupings by activity.

- **Retail banking**, the core business of the BFCM Group, comprises:
The BECM network, the network of CIC regional banks and that of CIC in Ile-de-France, the CIC Iberbanco branches, the TARGOBANK Germany network, the Cofidis Group, the TARGOBANK Spain network (e.g. Banco Popular Hipotecario), and all specialized activities for which the branch network handles product marketing: equipment leasing and leasing with purchase option, real estate leasing, installment vendor credit, factoring, fund management, employee savings, real estate.
- **Insurance** comprises Groupe des Assurances du Crédit Mutuel and its subsidiaries, whose product marketing is performed by the retail network. The GACM companies do business in life and non-life insurance, insurance brokerage, reinsurance and automobile maintenance financial cover.
- **Corporate banking** comprises large accounts (financing of large corporates and institutional clients), specialized financing (acquisition, asset and project financing, etc.), international activities and foreign branches (customer support, corporate and acquisition financing, etc.).
- **The capital markets activities** of BFCM and CIC, consolidated within CM-CIC Marchés, are organized into three business lines: refinancing, commercial and proprietary trading, including market intermediation. Transactions executed at the Paris and Strasbourg sites are recorded on the statement of financial position of:
 - * BFCM for the Refinancing business,
 - * CIC for the Commercial and Proprietary Trading business.
- **Private banking** develops expertise in financial management and wealth management for families of business owners and private investors.
- **Private equity** covers equity investments, merger-acquisition consulting and financial and stock market engineering activities.
- **The “Logistics and holding”** division combines all other business activities not allocated to another business division as well as purely logistical entities: intermediary holding companies, operating properties integrated within specific companies, media.

Group commercial activities

The dedication of all the Group's employees, who are attentive to the needs of its customers and strengthened by their renewed confidence, allowed it to provide the highest standard of service to private individuals, associations, self-employed professionals and corporates.

Outstanding loans to customers increased by €5.8 billion (+3.5%) to €165.4 billion, driven by investment loans (+11.4%) and residential housing loans (+3.3%).

Deposits grew by €12.4 billion (+11.5%) to €119.7 billion.

2.5 million new insurance policies were taken out (+11.7%), including 1.6 million from Cofidis, raising the portfolio to 23.5 million policies.

Drawing on all its skills, particularly its technological expertise, the Group strengthened its positions in the fields of e-money management systems, flow management and mobile telephony. This opens up many new opportunities that meet consumer expectations and generate additional income.

Retail banking

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %⁵
Net banking income	6,214	6,293	-2.3%
Operating income before provisions	2,535	2,602	-3.3%
Income before tax	1,785	1,551	+15.1%
Net income	1,192	1,028	+15.9%

Retail banking posted an increase of €5.1 billion in outstanding loans to customers for total outstanding of €141.5 billion (+3.5%).

Deposits grew by 15.5% to more than €96.4 billion.

With €22.4 billion in gross outstanding loans, the activity of the new subsidiaries (TARGOBANK Germany, TARGOBANK Spain, Cofidis and Banque Casino) held steady despite new regulatory constraints and the difficult economic environment.

Net banking income came to €6,214 million, against €6,293 million in 2010 (-2.3%)⁵.

General and administrative expenses fell to €3,679 million, compared to €3,691 million at the end of 2010 (-1.5%)⁵.

Net additions to/reversals from provisions for loan losses dropped significantly, by 29.1%⁵ to €781 million and income before tax came in at €1,785 million, compared to €1,551 million (+15.1%)⁵.

Insurance

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %
Net banking income	875	1,114	-21.4%
Operating income before provisions	544	767	-29.1%
Income before tax	587	764	-23.1%
Net income	414	595	-30.4%

Insurance revenue, at nearly €7.8 billion, fell by 11.7% compared to 2010:

-24.0% for life insurance and +14.3% for property-casualty insurance.

Net banking income from insurance was €875 million at December 31, 2011, compared to €1,114 million, after paying €1,006 million by way of remuneration to the distribution networks. Income before tax amounted to €587 million, versus €764 million.

Financing

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %
Net banking income	485	456	+6.2%
Operating income before provisions	401	376	+6.7%
Income before tax	369	341	+8.3%
Net income	240	236	+1.8%

Up by 3.1% over one year, outstanding loans to customers in financing amounted to €15.5 billion.

Net banking income increased from €456 million in 2010 to €485 million in 2011 (+6.2%) and net additions to/reversals from provisions for loan losses dropped from €35 million to €32 million over the same period (-8.7%).

Income before tax increased by 8.3% to €369 million.

Capital markets

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %
Net banking income	401	618	-35.1%
Operating income before provisions	228	436	-47.7%
Income before tax	112	440	-74.6%
Net income	61	355	-82.8%

⁵ 2011/2010 change on a comparable period and consolidation scope basis

For the year ended December 31, 2011, net banking income was €401 million, compared to €618 million in 2010. Net additions to/reversals from provisions for loan losses amounted to €116 million, compared to a €4 million reversal (income) in 2010. Income before tax dropped from €440 million to €112 million after recording a €154 million impairment loss on Greek sovereign bonds.

Private banking

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %
Net banking income	431	404	+6.8%
Operating income before provisions	115	84	+36.1%
Income before tax	85	71	+21.1%
Net income	68	62	+9.2%

Net banking income increased by 6.8% to €431 million at December 31, 2011 (€404 million in 2010) and income before tax increased by 21.1% to €85 million in 2011 (€71 million in 2010).

Private equity

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %
Net banking income	93	191	-51.3%
Operating income before provisions	59	155	-61.9%
Income before tax	59	155	-61.8%
Net income	57	153	-62.6%

Net banking income was €93 million at December 31, 2011 compared to €191 million in 2010 and income before tax was €59 million against €155 million.

Investments in portfolio companies stood at €1.7 billion, of which €373 million was invested in 2011.

The portfolio consists of 575 investments.

Logistics and holding

<i>(in € millions)</i>	12/31/2011	12/31/2010	Change %⁶
Net banking income	(692)	(536)	+46.0%
Operating income before provisions	(1,065)	(851)	+28.1%
Income before tax	(1,408)	(966)	+48.2%
Net income	(983)	(677)	+47.5%

The negative net banking income of the Logistics and Holding division broke down as follows:

- The net banking income of the logistics and miscellaneous activities, which amounted to €289 million, compared to €224 million at the end of 2010, including the trading margins of Groupe Est Républicain/DNA, Groupe Ebra, Groupe Républicain Lorrain, Groupe L'Alsace and the net banking income of the TARGOBANK Germany and Cofidis logistics subsidiaries;
- The negative net banking income of the holding company activity (-€981 million), resulting from the cost of the shortfall in working capital of the business (-€258 million), the refinancing of TARGOBANK Germany (-€218 million), TARGOBANK Germany and Cofidis goodwill amortization (-€176 million), impairment losses on equity interests (-€221 million), the CIC business development plans (-€76 million) and dividends from shareholdings (+€48 million).

Net additions to/reversals from provisions for loan losses reached €322 million and includes the impairment losses on Greek sovereign bonds for €259 million.

Income before tax this year also includes a net expense of €33 million related to impairment losses on associates.

⁶ 2011/2010 change on a comparable period and consolidation scope basis

5.2 Recent developments and outlook

The economic situation is uncertain. In France and elsewhere in Europe, structural reforms may take a back seat due to the lack of room to maneuver. Barring extraordinary events related, in particular, to elections in several countries, 2012 should be similar to 2011.

Our business will be very sensitive to the uncertainty governing the economic outlook.

5.3 Risk Report

Contents:

- I) [Credit risk](#)
- II) [Asset-liability management \(ALM\) risk](#)
- III) [Capital markets risk](#)
- IV) [European solvency ratio](#)
- V) [Operational risk](#)
- VI) [Other risks](#)

[I\) Credit risk](#)

The quantified information on credit risk is set out as follows:

- Customer lending risk: pages 111 to 118
- Interbank credit risk: pages 118 to 119
- Risks related to negotiable securities, derivative instruments and securities lending: page 119

Credit risk is described in greater detail in Note 12 to the consolidated financial statements.

[1.1 - Organization of the lending unit](#)

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:

- credit approval;
- risk assessment, commitment monitoring and management of at-risk items.

The lending unit and exposure management are organized based on a single set of guidelines that prescribes the rules and practices applicable within the Group.

[1.1.1\) Credit approval system](#)

Credit approval is based on knowledge of the customer, risk assessment and the commitment decision.

***Know your client**

The close ties that have been formed with the economic environment are the basis for obtaining information about existing and prospective customers. Customer segments have been defined and risk-profiled, which determines the targeting of marketing efforts. A loan file is prepared as evidence to support the credit approval decision.

***Risk assessment**

Risk assessment draws on various analyses performed at different stages in the lending cycle including, in particular:

- customer ratings;
- risk groups;
- the weighting of products in accordance with the type of risk involved and collateral and guarantees pledged.

Employees concerned receive regular refresher training on risk supervision and oversight.

[Customer ratings: a single system for the entire Group](#)

In accordance with the applicable regulations, the rating is at the heart of the Group's credit risk system: approval, payment, pricing and monitoring. As such, all approval powers are based on the counterparty's rating. Generally speaking, the lending unit approves the internal ratings of all loan files that it handles.

Rating algorithms and expert models have been developed to improve the Group's credit risk assessment and to comply with regulatory requirements regarding internal rating processes.

This rating system is used throughout the Crédit Mutuel Group.

Rating methodologies are defined under the responsibility of the Confédération Nationale du Crédit Mutuel (CNCM) for all portfolios. However, the regional entities are directly involved in developing and approving working group projects on specific issues as well as work on data quality and application acceptance testing.

The Group's counterparties who are eligible for internal processes are rated by a single system.

Models (algorithms or rating grids) are used to ensure proper risk assessment and rating. The scale of values reflects risk progressivity and is divided into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D-, E+) and three default positions (E-, E= and F).

Monitoring of the rating models involves three main areas of study: stability, performance and additional analyses. Monitoring of each rating model is performed under the auspices of the CNCM.

Risk groups (counterparties)

Article 3 of CRBF regulation 93-05 states that individuals or legal entities that are related in such a manner that it is likely that if one of them encounters financial problems, the others would also encounter repayment difficulties, are considered as a single beneficiary.

The risk groups are established based on a procedure that incorporates the provisions of the above regulation.

Product and guarantee weightings

When assessing counterparty risk, a weighting of the nominal commitment may be applied, which is based on a combination of the loan type and the nature of the guarantee.

***Credit approval procedure**

This is essentially based on:

- a formalized risk analysis of the counterparty;
- the rating applied to the counterparty or group of counterparties;
- approval levels;
- the principle of dual review;
- rules for setting maximum discretionary lending limits in proportion to the lending bank's equity;
- remuneration adapted to the risk profile and capital consumption.

Management of the decision-making circuit is automated and occurs in real-time: immediately upon completion of a loan application, the electronic file is transmitted to the decision maker at the appropriate level.

Approval levels

Network

The customer relationship manager is responsible for ensuring the exhaustiveness, quality and reliability of the information collected.

In accordance with Article 19 of CRBF regulation 97-02, he compiles loan files intended to formalize all qualitative and quantitative information on each counterparty. He checks the reliability of the information gathered either from customers or from any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal.

Each customer relationship manager is responsible for any decisions he takes or causes to be taken and is endowed with personal approval powers.

For loan files whose amount exceeds these personal approval powers, the decision falls to a Credit Approval Committee whose operating rules are covered by written procedures.

Approval powers reflect a range of commitment caps based on:

- the rating;
- the total amount of commitments for a given counterparty or risk group, weighted, if necessary, by the type of loan or the eligible guarantees;
- any specific exclusions of approval powers.

Corporate and Investment Banking

Loan approval decisions are not made individually but by the Credit Approval Committee. Specific delegations of authority are granted to foreign branches.

Role of the lending unit

The Lending unit, which reports directly to Executive Management, is present at various operational levels

Lending at the central level

Coordination of the unit and involvement in the key tasks and files are carried out from Strasbourg (CM) and Paris (CIC).

Lending at the regional level

A regional presence throughout CM-CIC is provided by specialized teams both in the Regional Departments and, where applicable, in the various “sub-regional” departments.

First category of Lending unit personnel: those involved in credit approval

In accordance with prevailing regulations, Lending unit personnel involved in the credit approval process exercise their dual review responsibilities independently of line personnel directly and structurally in liaison with customers. Lending unit personnel involved in the credit approval process generally contribute to the unit’s work in the area of credit monitoring and management of at-risk items. Their work includes operational involvement in loan files and participation as an “expert” in organizational tasks.

Second category of Lending unit personnel: those not involved in credit approval

The Lending unit is involved in numerous areas of credit monitoring, organization and procedures, independently of the operational side of the credit approval process.

*commitment monitoring: this monitoring involves all commitments (counterparties, risk diversification, business lines, etc.) as well as the various criteria used to monitor commitments (rating, third-parties, etc.).

*organization: the Lending unit acts as project manager for the numerous computer applications used to manage commitments.

*procedures: participation in the drafting of procedures, guidelines and decision support in areas related to commitments.

1.1.2) Risk assessment, commitment monitoring and management of at-risk items

In accordance with the prevailing regulations, commitments are monitored by national and regional entities.

Risk assessment

The BFCM Group uses an array of tools that provide an aggregated, static and dynamic view of:

- exposure for a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to the business lines concerned (rating, market, lending products, business segments, return, etc.).

Each commercial entity uses information systems enabling it to check compliance on a daily basis with the caps assigned to each of its counterparties.

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.

The Lending unit’s monitoring mechanism operates, independently from the credit approval process, in addition to and in coordination with the actions taken mainly by first-level control, permanent control and the risk department. The objective is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The “major risks” limits, determined based either on the bank’s capital under CRBF regulation 93-05 in the case of regulatory limits, or on capital and internal counterparty ratings in the case of corporate limits, are monitored in accordance with the methods (including those covering frequency) defined in specific procedures.

Breaches and abnormal movements in accounts are monitored by using advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit etc.), based on both external and internal criteria, in particular ratings and account histories. These criteria help to systematically flag loans for special handling as early as possible. This identification is automated, systematic and exhaustive.

[Permanent controls on commitments](#)

Second-level controls, performed by dedicated teams independent from the lending function, identify anomalies according to specific criteria and analyze at-risk loans each month; the appropriate remedial action is determined as a result.

An automatic analysis of some 20 ratios allows the bank to identify each month branches experiencing difficulties in managing their commitments and to take the appropriate timely action.

This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

[A unified definition of default based on Basel and accounting requirements](#)

A unified definition of default was introduced for the entire Crédit Mutuel Group. Based on an alignment of prudential rules to accounting regulations (CRC 2002-03), this definition draws a correlation between the Basel concept of default and the accounting notion of non-performing loans and loans in litigation. The computer applications take contagion into account, which also allows related loans to be downgraded.

[Identification of at-risk items](#)

The process involves identifying all loans to be placed on credit watch and then allocating them to the category corresponding to their situation: sensitive (not downgraded to non-performing), non-performing or in litigation. All loans are subject to an automatic monthly identification process using internal and external indicators that have been parameterized in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

[Transfer to non-performing, provisioning and reclassification as performing](#)

Adjustments associated with the transfer to non-performing, provisioning and the reclassification as performing comply with the prevailing prudential rules and are processed automatically monthly, which ensures the process is exhaustive.

[Management of customers downgraded to non-performing or in litigation](#)

The manner in which the counterparties concerned are managed depends on the severity of the situation: at the branch by the customer relationship manager or by specific, specialized staff, by market, counterparty type or collection method.

Reporting

[Risk Committee](#)

In accordance with the provisions of CRBF regulation 97-02, the various bodies concerned, notably the Risk Committee, are informed of changes in lending commitments at least once every quarter. In addition, they are informed of and participate in decisions on revisions to the various credit management measures.

[Information provided to management](#)

Detailed information on credit risks and related procedures is provided to management. This information is also submitted to a Risk Monitoring Committee that is responsible for examining the strategic challenges faced by the BFCM Group in terms of risks, in compliance with the provisions of the prevailing regulations.

1.2 - Quantified data

Summary credit-risk data (on- and off-statement of financial position)

The additions to the scope of consolidation used to calculate the constant scope mainly include the Banque Casino data.

Exposure

	Dec. 31, 2011	Dec. 31, 2011 <i>at constant scope</i>	Dec. 31, 2010
(in €million, year-end principal balances)			
Loans & receivables			
Credit institutions	65,227	65,209	64,022
Customers	171,110	170,819	165,167
Gross exposure	236,337	236,028	229,189
Impairment provisions			
Credit institutions	-310	-310	-350
Customers	-6,485	-6,464	-6,566
Net exposure	229,543	229,254	222,274

Source: Accounting - excluding repurchase agreements

Exposure on commitments given

	Dec. 31, 2011	Dec. 31, 2011 <i>at constant scope</i>	Dec. 31, 2010
(in €million, year-end principal balances)			
Financing commitments given			
Credit institutions	1,622	1,622	1,720
Customers	40,578	39,693	41,047
Guarantee commitments given			
Credit institutions	2,257	2,257	5,061
Customers	13,188	13,188	9,035
Provision for risks on commitments given	126	126	138

Source: Accounting - excluding repurchase agreements

1.2.1) Customer loans

Outstanding loans

The total portfolio of customer loans stood at €171.1 billion, up 3.4%** compared to 2010. It mainly comprises medium and long-term loans (medium and long-term loans on the statement of financial position increased by 5.4%). Excluding non-recurring items, the year also saw a decline in the cost of risk.

(**2011/2010 change at constant consolidation scope)

Outstanding loans in the statement of financial position

(in € million, year-end principal balances)	Dec. 31, 2011	Dec. 31, 2011 <i>at constant scope</i>	Dec. 31, 2010
Short-term loans	53,337	53,112	52,578
Current accounts-debit balances	6,220	6,220	6,425
Commercial loans	5,081	5,081	4,307
Treasury facilities	41,534	41,309	41,557
Export credits	503	503	289
Medium- and long-term loans	108,148	108,124	102,613
Equipment loans	29,572	29,572	26,557
Housing loans	63,311	63,311	61,298
Finance leases	8,334	8,334	8,011
Other	6,932	6,907	6,746
Total gross customer loans, excluding non-performing loans and accrued income	161,486	161,236	155,191
Non-performing loans	9,282	9,243	9,631
Accrued income	342	342	346
Total gross customer loans	171,110	170,822	165,168

Source: Accounting - excluding repurchase agreements

At the end of 2011, the aggregate loan book mainly includes the proportionately consolidated Banque Casino. For this entity, the outstanding amounts at the end of 2011 broke down as follows:

(in € million, year-end balances)	Dec. 31, 2011 first-time consolidation	Relative weight at Dec. 31, 2011
Short-term loans	225	90.2%
Current accounts-debit balances	0	0.0%
Commercial loans	0	0.0%
Treasury facilities	225	90.2%
Medium- and long-term loans	24	9.8%
Equipment loans	0	0.0%
Housing loans	0	0.0%
Lease financing	0	0.0%
Other	24	9.8%
Total gross customers loans, excluding non-performing loans and accrued income	249	100%
Non-performing loans	39	
Accrued income	0	
Total gross customer loans	289	
Impairment provisions	0	

Unless otherwise specified, the comments, outstanding loans and analyses set out below (except for points b and h), do not include TARGOBANK Germany, the Cofidis Group and TARGOBANK Spain.

a) Quality of the portfolio

The loan portfolio is of high quality. On the internal rating scale, which has nine non-default levels, customers in the best eight categories accounted for 94.4% of the outstanding loans.

Breakdown by internal rating of performing outstanding loans to customers

	At Dec. 31, 2011 in %	At Dec. 31, 2010 in %
Performing loans to customers by internal rating		
A+ and A-	26.1%	25.4%
B+ and B-	32.9%	31.8%
C+ and C-	26.5%	27.2%
D+ and D-	12.3%	12.8%
E+	2.2%	2.8%

Source: Risk Management

(BFCM consolidated scope excluding TARGOBANK Germany, TARGOBANK Spain and Cofidis)

CM-CIC rating	Moody's equivalent	Standard & Poor's equivalent
A +	AAA to Aa1	AAA to AA+
A -	Aa2 to Aa3	AA to AA-
B +	A1 to A2	A+ to A
B -	A3 to Baa1	A- to BBB+
C +	Baa2	BBB
C -	Baa3	BBB-
D +	Ba1 to Ba2	BB+ to BB
D -	Ba3 to B1	BB- to B+
E+	B2 and <	B and <

b) Housing loans

During the financial year, housing loan outstanding increased by 3.3% at constant scope and accounted for 39.3% of the total gross customer loans on the statement of financial position. By definition made up of a very large number of customers, they are backed by real property sureties or first-class guarantees.

(in €million, year-end principal balances)	At Dec. 31, 2011	At Dec. 31, 2010
Housing loans	63,311	61,298
Secured by Crédit Logement or Cautionnement Mutuel Habitat	22,235	21,062
Secured by mortgage or equivalent, low-risk guarantee	33,952	33,668
Other guarantees *	7,124	6,569

Source: Accounting * Other risk-level mortgages, pledges, etc., including new acquisitions

c) Breakdown of loans by customer type

	At Dec. 31, 2011 in %	At Dec. 31, 2010 in %
Loans by customer type		
Retail	61%	63%
Corporates	30%	27%
Large corporates	6%	6%
Specialized financing and other	3%	3%

Source: Risk Management

(BFCM consolidated scope excluding foreign branches of CIC, TARGOBANK Germany, TARGOBANK Spain and Cofidis)

The breakdown of loans by customer type takes into account all the entities of the BFCM Group located in France.

d) Geographical risk

97% of the identified country risk is in Europe.

With marginal exceptions, the country risk exposure of the portfolio is centered on France and the OECD countries.

Geographical breakdown of customer risk

Customer credit risk by geographic region	At Dec. 31, 2011 in %	At Dec. 31, 2010 in %
France	92%	85%
Europe, excluding France	5%	13%
Rest of the world	3%	2%

Source: Accounting, including new acquisitions

e) Concentration risk

The tables shown below derive from the Basel II calculator for the CM10-CIC Group.

As a reminder and in accordance with Article 4.1 of CRBF regulation 2000-03, the following subsidiaries are exempt from monitoring on an individual or sub-consolidated basis: BFCM, Sofemo, BCMI, CMCIC Home Loan and CIC Iberbanco. The other regulated entities are subject to monitoring on an individual or sub-consolidated basis.

Exposure of the CM10-CIC Group by category*

(in €billion)	Exposure at Dec. 31, 2011*	Average Exposure 2011*	Exposure at Dec. 31, 2010**
Governments and central banks	48.7	49.1	38.5
Institutions	42.8	39.4	50.7
Corporates	101.9	100.4	95.4
Retail customers	231.3	229.3	201.8
Stock	3.3	3.6	3.4
Securitization	5.7	6.1	7.7
Other non-credit obligation assets	5.3	5.3	5.3
TOTAL	438.9	433.3	402.8

Source: Basel II calculator

*CM10-CIC Group consolidated scope **CM5-CIC Group consolidated scope

Historically, Crédit Mutuel's priority has been to develop a customer base of private individuals. CIC, which was originally geared more toward the corporates market, has gradually gained strength in the personal banking segment. However, it continues to serve corporates.

The composition of the Group's portfolio clearly reflects these principles, as evidenced by the fact that the share of retail customers has steadily increased, reaching 52% at 12/31/2011 (compared to 50% at 12/31/2010).

Exposure by country of residence of the CM10-CIC Group's counterparty*

Category of exposure at Dec. 31, 2011*	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	8.7%	0.5%	1.7%	0.8%	11.6%
Institutions	6.8%	0.3%	1.2%	1.1%	9.4%
Corporates	19.1%	0.8%	2.0%	2.0%	23.9%
Retail customers	49.0%	3.4%	1.6%	1.2%	55.2%
TOTAL	83.6%	4.9%	6.6%	5.0%	100.0%

Source: Basel II calculator *CM10-CIC Group consolidated scope

Category of exposure at Dec. 31, 2010*	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	5.9%	0.5%	2.1%	1.5%	10.0%
Institutions	9.5%	0.3%	1.5%	1.8%	13.1%
Corporates	19.7%	0.8%	2.0%	2.1%	24.7%
Retail customers	45.7%	3.8%	1.5%	1.2%	52.2%
TOTAL	80.9%	5.5%	7.1%	6.6%	100.0%

Source: Basel II calculator *CM5-CIC Group consolidated scope

The Group is primarily a French and European player. The geographic breakdown of gross exposure reflects this, with 95% of commitments in the European Economic Area.

Exposure of the CM10-CIC Group by sector

The sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.

Sector	At Dec. 31, 2011 in % (*)	At Dec. 31, 2010 in %(**)
Governments	12.5%	10.8%
Private individuals	46.3%	44.3%
Banks and financial institutions	9.0%	12.3%
Sole traders	3.3%	3.2%
Farmers	1.3%	0.8%
Travel and leisure	1.1%	1.1%
Retail	3.6%	3.7%
Automotive industry	0.8%	0.8%
Construction & building materials	2.6%	2.8%
Industrial goods & services	2.3%	2.5%
Healthcare	0.6%	0.6%
Other financial activities	2.1%	2.2%
Industrial transport	1.4%	1.4%
Household products	0.6%	0.7%
Real estate	3.5%	3.1%
Services to local governments	0.6%	0.6%
Agri-food & beverages	1.3%	1.5%
Media	0.7%	0.7%
Holding companies, Conglomerates	2.7%	2.9%
Advanced technologies	0.8%	0.9%
Oil & gas, Raw materials	1.5%	1.6%
Telecommunications	0.6%	0.6%
Miscellaneous	2.0%	0.9%
Total	100.0%	100.0%

Source: Basel II calculator

*CM10-CIC Group consolidated scope **CM5-CIC Group consolidated scope

f) Major risks

Corporate

Concentration of customer credit risk	At Dec. 31, 2011	At Dec. 31, 2010
*Gross commitments in excess of €300m		
Number of counterparty groups	40	37
Total commitments (€m)	25,667	23,552
of which total statement of financial position (€m)	9,569	9,255
of which total off-statement of financial position guarantee and financing commitments (€m)	16,098	14,298
* Gross commitments in excess of €100 m		
Number of counterparty groups	124	117
Total commitments (€m)	39,588	36,570
of which total statement of financial position (€m)	16,429	14,952
of which total off-statement of financial position guarantee and financing commitments (€m)	23,159	21,617

Source: DGR 4003

Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments

Banking

Concentration of customer credit risk	At Dec. 31, 2011	At Dec. 31, 2010
*Gross commitments in excess of €300m		
Number of counterparty groups	16	16
Total commitments (€m)	14,747	8,097
of which total statement of financial position (€m)	11,440	6,201
of which total off-statement of financial position guarantee and financing commitments (€m)	3,307	1,896

Source: DGR 4003

Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments

g) Value at risk and cost of risk

Non-performing and disputed loans amounted to €9,282 million as of December 31, 2011, against €9,631 million as of December 31, 2010, i.e. a drop of 4.0% at constant consolidation scope.

They accounted for 5.4% of total customer loans on the statement of financial position, against 5.8% as of December 31, 2010.

As of December 31, 2011, actual net provisioning for known risks represented 0.529% of gross outstanding customer loans, compared to 0.717% as of December 31, 2010. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.521% of gross outstanding loans, compared to 0.718% at December 31, 2010. The table below summarizes the main components.

BFCM Group	At Dec. 31, 2011	At Dec. 31, 2010*
Cost of total customer risk	0.52%	0.72%
Banking networks **	0.15%	0.24%
Private individuals	0.07%	0,15%
Housing loans	0,04%	0,15%
Consumer credit - TARGOBANK Germany	1.92%	3.02%
Consumer credit - Cofidis	4.48%	5.53%
Financing ***	0.14%	0.22%
Private banking	0.09%	0.26%

* CM5-CIC scope

** CIC, BECM, CIC Iberbanco, TARGOBANK Spain (excluding TARGOBANK Germany, Cofidis and support subsidiaries in the network)

*** Large corporates, International (incl. foreign branches), Specialized financing

Quality of customer risks

Quality of customer credit risk (in € million, year-end principal balances)	At Dec. 31, 2011	At Dec. 31, 2011 <i>at constant scope</i>	At Dec. 31, 2010
Individually impaired receivables	9,282	9,243	9,631
Provision for individually impaired receivables	6,048	6,028	6,225
Provision for collectively impaired receivables	437	437	341
Coverage ratio	69.9%	69.9%	68.2%
Coverage ratio (provision for individual impairments only)	65.2%	65.2%	64.6%

Source: Accounting

Outstanding loans to customers that have experienced payment incidents, without being downgraded to the non-performing category

2011

	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	1,588,899	24,029	86	2,377	1,615,391
Governments	1,248	0	0	0	1,248
Credit institutions	17,824	0	0	0	17,824
Non-financial institutions	3,194	0	0	0	3,194
Large corporates	292,436	1,905	0	2,333	296,674
Retail customers	1,274,197	22,124	86	44	1,296,451
Total	1,588,899	24,029	86	2,377	1,615,391

(1) Available-for-sale or held-to-maturity debt securities

2010

	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	1,698,804	17,746	3,173	1,452	1,721,175
Governments	5,360	0	0	0	5,360
Credit institutions	12,436	0	0	0	12,436
Non-financial institutions	8,720	0	0	0	8,720
Large corporates	272,464	4,960	776	0	278,200
Retail customers	1,399,824	12,786	2,397	1,452	1,416,459
Total	1,698,804	17,746	3,173	1,452	1,721,175

(1) Available-for-sale or held-to-maturity debt securities

1.2.2) Interbank loans*

Interbank loans by geographic region

Interbank loans by geographic region	At Dec. 2011 in %	At Dec. 31, 2010 in %
France	47.6%	28.5%
Europe, excluding France	31.7%	35.9%
Other countries	20.7%	35.6%

Source : IFC - banks only, excluding TARGOBANK Germany, TARGOBANK Spain and Cofidis

The breakdown is based on the home country of the parent company.

* Figures not audited by the Statutory Auditors

At the end of 2011, exposures mainly relate to European (in particular French, German and UK) and North American banks. The exposure to the most troubled European banking systems continued to decrease.

Structure of interbank exposure by internal rating

Interbank loans outstanding by internal rating	Equivalent external rating	At Dec. 31, 2011 in %	At Dec. 31, 2010 in %
A+	AAA/AA+	0.4%	0.6%
A-	AA/AA-	25.4%	28.5%
B+	A+/A	52.5%	43.7%
B-	A-	12.7%	6.3%
C and below	BBB+ and below	8.9%	19.5%
Not rated		0.0%	1.4%

Source IFC - Banks only - Excluding TARGOBANK Germany, TARGOBANK Spain and Cofidis

The structure of BFCM's interbank exposure based on the internal rating changed substantially in 2011 with: i) a significant increase in outstanding loans rated B+ (external equivalent A+/A) concentrated in several large French banks; and ii) a decrease in outstanding loans to the weakest counterparties. All in all, 91% of outstanding loans are rated B or A, i.e. at least A- in equivalent external ratings, compared to 79% the previous year.

1.2.3) Sovereign risk

Information on sovereign risk is presented in Note 7c to the consolidated financial statements, page 164.

1.2.4) Debt instruments, derivative instruments and repurchase agreements

The securities portfolios are mainly held by the capital markets activity and, to a lesser extent, the asset-liability management unit.

Debt instruments (in € million, year-end principal balances)	Carrying amount at Dec. 31, 2011	Carrying amount at Dec. 31, 2010
Government securities	16,795	16,769
Bonds	71,823	71,054
Derivative instruments	3,634	2,745
Repurchase agreements & securities lending	8,969	11,131
Gross exposure	101,220	101,699
Provisions for impairment of securities	-191	-94
Net exposure	101,029	101,606

Source: Accounting

II) Asset-liability management (ALM) risk

2.1 Organization

The CM10-CIC Group's asset-liability management functions, which were previously organized on a decentralized basis, have been centralized.

The CM10-CIC Group's decision-making committees for matters concerning liquidity and interest-rate risk management are as follows:

- The ALM technical committee manages liquidity and interest rate risk in accordance with the risk limits applied within the CM10-CIC Group. The committee comprises the heads of the businesses concerned (finance department, asset-liability management, refinancing and treasury, marketing and risk) and meets at least once every quarter. The indicators compiled at consolidated level and by entity are static and dynamic liquidity gaps, static interest-rate gaps and sensitivity of net banking income and net asset value.
- The ALM monitoring committee, composed of the CM10-CIC Group's senior executives, examines changes in asset-liability management risk and approves the risk limits.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM10-CIC as a whole and for each of the entities comprising the Group. The hedges are assigned to the entities concerned, in accordance with their needs.

The various asset-liability management risk indicators are also presented each quarter to the CM10-CIC Group's Risk Committee.

The role and principles governing asset-liability management are defined as follows:

- * Asset-liability management is a distinct function from the dealing room, with its own resources.
- * The key objective of asset-liability management is to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis.
- * Asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest-rate risk arising from the activity of the network.

Asset-liability management helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

2.2 Interest-rate risk management*

Interest rate risk arising on the Group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstanding on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

Management of interest-rate risk arising on all operations connected with the banking network's business is analyzed and hedged overall based on the residual position in the statement of financial position using so-called macro-hedges. In addition, specific hedges may be established for customer loans involving a material amount or an unusual structure. Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides on the hedges to be put in place and allocates them pro rata to the needs of each entity.

Interest rate risk is analyzed based on the main indicators below, which are updated each quarter.

- 1 - **The static fixed-rate gap**, corresponding to items in the statement of financial position, both assets and liabilities, whose cash flows are considered to be certain over a horizon of 1 to 10 years, governed by limits from 3 to 7 years, measured by a net banking income ratio.
- 2 – **The static "inflation" gap** over a horizon of 1 to 10 years.
- 3 - **The sensitivity of the net interest margin**, calculated based on national scenarios and subject to limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity's net banking income.

Four scenarios are calculated:

* Figures not audited by the Statutory Auditors

- a 1% increase in market interest rates and a 0.33% increase in inflation (core scenario);
- a 1% increase in market interest rates and stable inflation;
- a 2% increase in market interest rates and a 0.66% increase in inflation;
- a 3% increase in short interest rates, a 1% decline in long rates and stable inflation (stress scenario).

As of December 31, 2011, the net interest income of the BFCM Group and the CM10-CIC Group was, under the core scenario, exposed to a drop in interest rates. For these two scopes of consolidation, interest sensitivities were similar:

- For the BFCM scope of consolidation (excluding the refinancing activity), the sensitivity was -€140.4 million in year 1 and -€166.2 million in year 2, equivalent to 3.2% and 3.6% of forecast net banking income for each year, respectively.
- For the scope of consolidation of the CM10-CIC commercial bank (excluding the holding company), the interest sensitivity was -€151.1 million in year 1 and -€252.7 million in year 2, equivalent to 2.2% and 3.6% of forecast net banking income for each year, respectively.

The risk limits (3% of net banking income in one year and 4% in two years) applying to the commercial bank were complied with.

Indicators of sensitivity to rising interest rates in the CM10-CIC commercial bank (excluding the holding company) were as follows:

Sensitivity in % of net banking income	1 year	2 years
Scenario 1	2.2%	3.6%
Scenario 2	3.4%	5.4%
Scenario 3	4.1%	6.8%
Scenario 4	4.4%	4.2%

4 - Sensitivity of Net Asset Value (NAV) arising from the application of the Basel II indicator:

By applying to the whole statement of financial position a uniform 200bp increase or decrease, it is possible to measure, as a percentage of equity, the change in the net discounted value of the main statement of financial position items based on various scenarios.

Sensitivity of Net Asset Value (NAV)	in % of equity
Sensitivity + 200 bp	+0.1%
Sensitivity - 200 bp	+1.1%

The BFCM Group: Interest rate risk - static fixed rate gap (in €m *)

MACRO-AGGREGATE	Amount outstanding at Dec. 31, 2011	1 year	2 years	5 years	10 years
INTERBANK ASSETS	76,107	3,641	1,966	603	432
LOANS	142,310	85,245	67,415	36,188	13,199
SECURITIES	19,757	1,762	1,355	408	246
LONG-TERM INVESTMENTS	17,073	14,514	14,405	14,383	13,683
OTHER ASSETS	12,673	482	426	351	303
Total assets	267,920	105,644	85,567	51,933	27,863
INTERBANK LIABILITIES	-93,879	-6,336	-5,846	-777	-494
DEPOSITS	-106,294	-45,075	-35,470	-19,911	-8,997
SECURITIES	-35,527	-24,658	-21,938	-11,438	-1,773
SHAREHOLDERS' EQUITY	-15,724	-15,447	-15,447	-15,447	-15,447
OTHER LIABILITIES	-10,824	-405	-405	-405	-405
Total liabilities	-262,248	-91,920	-79,107	-47,978	-27,116
Total statement of financial position	5,672	13,724	6,459	3,954	747
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL ASSETS	65,538	23,004	20,513	8,849	1,810
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL LIABILITIES	-66,803	-28,828	-24,114	-9,594	-208
Total off-statement of financial position	-1,265	-5,825	-3,601	-745	1,602
Grand Total	4,407	7,899	2,859	3,209	2,348

* Figures not audited by the Statutory Auditors

2.3. Liquidity risk management

The CM10-CIC Group attaches great importance to the management of liquidity risk.

The CM10-CIC Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the 1-month liquidity ratio, which is representative of the Group's short-term liquidity situation;
- establishing the static liquidity gap, based on contractual and agreed maturities and incorporating off-statement of financial position commitments; transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years and are subject to target levels in order to lock in and optimize the refinancing policy;
- calculating the dynamic liquidity gap over five years, incorporating new loans granted, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- reviewing the impact of a stress scenario on the static gap and on the transformation ratios, notably involving a 30% decline in sight sources of funds and an increased drawdown of confirmed credit lines;
- the ALM technical committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated pro rata to the cumulative needs.

Breakdown of the BFCM Group's consolidated statement of financial position by residual maturity of future contractual cash flows (principal and interest)

2011	Residual contractual maturities							No fixed maturity (b)	Total
	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years			
<i>In € millions</i>									
Assets									
Trading financial assets	467	294	3,207	4,268	4,569	3,104	465	16,374	
Financial assets at fair value through profit or loss	5,276	1,060	890	23	2,030	4	60	9,343	
Derivative instruments used for hedging purposes - assets	3	1	1,004	27	40	24	1	1,099	
Available-for-sale financial assets	324	248	2,873	3,101	10,438	7,031	1,684	25,699	
Loans and receivables (incl. finance leases)	39,938	17,569	20,239	20,369	53,299	78,550	1,439	231,403	
Held-to-maturity investments	32	2,878	2,036	142	715	42	0	5,845	
Other assets	722	12,855	1,479	2	17	15	379	15,469	
Liabilities									
Central bank deposits	16	13	67	47	95	44	0	282	
Trading financial liabilities	577	126	1,106	839	2,522	1,502	4	6,676	
Financial liabilities at fair value through profit or loss	9,959	6,273	6,163	0	0	0	0	22,395	
Derivative instruments used for hedging purposes - liabilities	11	5	598	319	753	1,287	2	2,974	
Financial liabilities carried at amortized cost	117,216	33,901	28,887	16,676	47,850	23,615	6,450	274,594	

excluding insurance activities

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Comprises undated debt securities, equities, non-performing and disputed loans and impairment provisions.

For marked to market financial instruments, also includes differences between fair value and redemption value.

2010	Residual contractual maturities							No fixed maturity (b)	Total
	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years			
<i>In € millions</i>									
Assets									
Trading financial assets	660	690	3,304	3,194	4,551	4,939	1,172	18,509	
Financial assets at fair value through profit or loss	3,914	3,076	1,488	57	1,368	36	679	10,617	
Derivative instruments used for hedging purposes - assets	10	4	8	16	58	31	6	134	
Available-for-sale financial assets	581	428	1,859	3,772	10,680	8,618	3,219	29,157	
Loans and receivables (incl. finance leases)	40,975	18,478	18,504	20,065	49,749	75,020	2,147	224,939	
Held-to-maturity investments	7	43	30	27	268	623	0	998	
Other assets	453	11,603	2,025	10	19	13	201	14,324	
Liabilities									
Central bank deposits	11	7	24	2	0	0	0	44	
Trading financial liabilities	636	119	1,111	693	2,870	1,875	0	7,305	
Financial liabilities at fair value through profit or loss	9,919	7,999	7,168	0	0	0	0	25,086	
Derivative instruments used for hedging purposes - liabilities	24	8	593	173	743	911	4	2,457	
Financial liabilities carried at amortized cost	118,849	39,783	31,368	17,272	28,026	18,384	7,841	261,522	

excluding insurance activities

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Comprises undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.

For marked to market financial instruments, also includes differences between fair value and redemption value.

2.4. Currency risk

The foreign currency positions of each Group entity are automatically centralized in the CIC holding company and in BFCM.

This centralization is performed daily for commercial transfers and for cash flows, both income and expenses, denominated in foreign currencies.

Any unrealized foreign currency gains and losses are translated into euro at the end of each month and the resulting foreign currency position is also centralized.

As such, no Group entity bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.

A specific foreign currency position limit is assigned only to the capital markets business of *CM-CIC Marchés*.

The structural foreign currency positions arising from foreign currency advances made to foreign branches are not hedged.

Foreign exchange gains or losses are recognized in the asset or liability translation accounts and therefore do not pass through the income statement.

The profits or losses of the foreign branches are retained in the foreign branches and thus add to the structural foreign currency position.

2.5. Equity risk

The BFCM Group has exposure to various types of equity risks.

Assets measured at fair value through profit or loss

Equities held in the trading portfolio amounted to €473 million at December 31, 2011 compared with €1,171 million at December 31, 2010 and solely concerned CIC's capital markets business (see Note 5a to the consolidated financial statements).

Equities accounted for using the fair value option through profit or loss totaled:

- €1,877 million under the fair value option, of which €1,840 million represented outstanding in the private equity business (see Note 5a to the consolidated financial statements);
- €8,606 million in equities held by the GACM insurance activity (see Note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

Available-for-sale financial assets

Equities classified as available-for-sale and various long-term investments amounted to €4,438 million and €1,988 million respectively (see Note 7 to the consolidated financial statements).

Long-term equity interests included:

a) Investments in non-consolidated subsidiaries totaling €1,463 million and in associates totaling €280 million: the main holdings included Banco Popular Spain (€248 million), Club Sagem (€175 million), Desjardins (€61 million), Foncières des Régions (€209 million) and CRH (Caisse de Refinancement de l'Habitat) (€72 million);

b) Other long-term securities (€242 million), including Veolia Environnement (€86 million).

Impairment of equities:

- equity positions are reviewed to identify any impairment to be recognized for listed securities in the event of a significant or prolonged drop in their price below the acquisition cost;
- the resulting impairment charges amounted to €150 million in 2011, compared to €46 million in 2010;
- accordingly, as at December 31, 2011, the acquisition value of devalued stocks was €4,156 million and the corresponding impairment provision was €1,996 million.

Their market value was €2,160 million.

2.6. Private equity

The private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option.

The portfolios comprise around 600 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

	At Dec. 31, 2011	At Dec. 31, 2010
Number of listed investment lines	38	67
Number of unlisted, active investment lines	567	449
Revalued proprietary portfolio (€m)	1,784	1,638
Managed funds (€m)	725	723
Number of managed funds	39	32

Source: risk monitoring

III) Market risk

3.1. General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).

They are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's statement of financial position), commercial and proprietary operations (recognized on CIC's statement of financial position).

Refinancing

A dedicated treasury management team is responsible for refinancing all the activities of the CM10-CIC Group. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including Crédit Mutuel-CIC HL SFH.

The products concerned consist mainly of monetary instruments and futures used to hedge interest rates and exchange rates.

In addition to the pure refinancing positions, this business also has a liquidity portfolio of available-for-sale securities, essentially comprising bonds issued by financial institutions and assigned a good credit rating (at least investment grade).

Commercial

The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. A dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") has been set up to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The business also involves the sale of investment products such as *Libre Arbitre* or *Stork* (commercial own account), which is aimed at corporates within CM-CIC's various networks, corporates and private individuals.

Proprietary operations

This business line is organized into specialized desks for equity/hybrid instrument, credit spread, fixed income and volatility arbitrage. These activities are called upon to create value in a disciplined risk environment and to drive commercial development.

3.2. Internal control structures

In 2011, the internal control function pressed ahead with its drive to improve its organization and monitoring methodologies. It continued to amend its procedures to take into account a unified system of limits incorporating the capital markets activities of the branches, present the CRD3 regulatory changes, in particular the stressed VaR and the IRC in addition to a risk measurement in VaR/stress tests and the regulatory risk measurement (CAD and European

Capital Adequacy under Basel II standards).

A set of methodologies is formalized in a “body of rules”. Regular updates throughout the year have included new products and improved the monitoring of risk measurement.

Capital markets activities are organized as follows:

- they are under the responsibility of a member of Executive Management in charge of markets activities;
- the front-office units that execute transactions are segregated from those responsible for monitoring risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the Group’s risk division, which compiles management reports summarizing risk exposures and has the Boards of Directors of CIC and BFCM validate the level of capital allocated/consumed;
- the permanent controls system is based on first-level controls performed by three teams:
 - the risks and results team validates production, monitors results on a daily basis and ensures compliance with limits,
 - a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,
 - a *CM-CIC Marchés* team covering legal compliance is responsible for first-level legal issues;
- second-level controls organized around:
 - capital markets businesses’ permanent controls function (CPMM), which reports to the permanent control department, supervises first-level permanent controls carried out by *CM-CIC Marchés* and conducts its own direct controls on activities,
 - CIC’s lending department, which monitors at-risk outstanding for each counterparty group,
 - CIC’s legal and tax department, which works with the *CM-CIC Marchés* capital markets legal team,
 - CIC’s finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
- the CM10-CIC Group’s periodic controls team, which uses a team of specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.

A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of *CMCIC Marchés* (in France and in the branches) in relation to the limits prescribed by the Boards of Directors of CIC and BFCM. It is chaired by the member of Executive Management in charge of *CM-CIC Marchés* and comprises the Chief Operating Officer of CIC and BFCM, the front office, post-market, back office and accounting and regulatory control managers, and the manager of the risk department and the Group permanent control department. The Boards of Directors of CIC and BFCM are kept informed on a regular basis of the risks and results of these activities.

3.3. Risk management*

The system used to set exposure limits for market risk is based on:

- an overall limit for regulatory capital (*CAD*/European capital adequacy) and for *VaR*;
- internal rules and scenarios (*CAD* risks, historical *VaR* and stress tests), which convert exposures into potential losses.

The limits set are intended to cover various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk and for each desk.

If the overall limit and/or the limit assigned to each business line is exceeded, the Group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored based on first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide an accessible overview of capital markets exposures for decision-makers.

Regulatory capital allocated in 2011 to proprietary operations and commercial businesses in metropolitan France remained stable compared to 2010.

The capital consumed by the *RMBS* business conducted in the New York branch continued to fall in line with the amortization of the portfolio securities managed on a run-off basis. Trading activities are maintained within reduced limits under the supervision of *CM-CIC Marchés*.

CM-CIC Marchés’ overnight treasury position must not exceed a certain limit with an intermediate warning limit,

* Figures not audited by the Statutory Auditors

the two limits being set by the department and approved by the Board of Directors. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal trading desk risks are as follows:

a) - refinancing

BFCM's market risks mainly relate to the liquidity portfolio. They are calculated based on the CAD and European Capital Adequacy requirement. In 2011, the overall consumption of risk capital fell from €110 million to €95 million. This change was attributable to a drop in European Capital Adequacy requirements (as a result of the maturing of banking portfolio transactions), offset partly by an increase in CAD in respect of General Interest Rate Risk.

b) – hybrid instruments

Consumption of risk capital averaged €71 million in 2011, ending the year at €74 million due to generally long positions in proprietary trading activities. Convertible bond holdings thus stood at €2.5 billion at the end of 2011 (compared with €2.8 billion in 2010).

c) - credit

These positions correspond to either securities/CDS arbitrage or to credit correlation positions (Itraxx/CDX tranches) or asset-backed securities. On the credit arbitrage portfolio, consumption of risk capital remained stable at around €40 million until September 2011, ending slightly lower at €34 million in December. On the ABS portfolio, consumption of risk capital remained stable at around €70 million during the year, before increasing to €92 million at year end. This technical increase of €20 million was due to the entry into force of *CRD3* with regard to the securitization portfolio at December 31, 2011. As regards the credit correlation business, exclusively based on *Itraxx/CDX* tranches, consumption of risk capital remained stable, averaging around €15 million during the year.

d) - M&A and miscellaneous equities

Consumption of risk capital was €42 million on average in 2011, ending the year at €32 million. This decrease followed the change in outstanding and the removal of *OST* from *M&A*. *M&A* outstanding totaled €256 million in December 2011 compared to €283 million at the end of 2010.

e) - fixed income

The positions relate to directional and yield-curve arbitrage, typically with underlying government securities, mostly European. Positions related to peripheral governments, including Greece (more than 70% provisioned at year end), are very limited. The position on Italy was reduced by approximately 40% over the past two years, falling to approximately €3 billion, the bulk of which matures in 2012 and 2014. Government securities totaled €8.8 billion at the end of 2011, compared to €9.5 billion in 2010, of which €4.8 billion related to France.

The limits of these activities were revised downward for 2012.

3.4. Credit derivatives

These products are used by *CM-CIC Marchés* and are recognized in its trading portfolio.

Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the Lending Committees and Capital Markets Risk Committees.

IV) Capital adequacy ratio*

Under Article 4.1 of CRBF regulation 2000-03 of September 6, 2000 on the prudential oversight of consolidated core capital and additional supervision, BFCM itself, as included in the CM10-CIC scope of consolidation, is not required to comply on a sub-consolidation basis with management ratios, or with the internal capital adequacy provisions of Article 17b of CRBF regulation 97-02. This exemption also applies to the Basel II requirements (see Article 1 of the CRBF ruling of February 20, 2007).

The following information (including information on the presentation of procedures and comments on operational risks) relates to CM10-CIC, the parent company.

Since January 1, 1996, market risks, mainly interest-rate risk, foreign exchange risk, equity risk and settlement/counterparty risks assumed in the trading portfolio of banks, are subject to specific capital requirements under the European Capital Adequacy Directive (CAD).

The overall capital requirement is therefore equal to the aggregate of the capital required to cover all the weighted credit risks (excluding the trading portfolio), the capital required to cover market risks in the trading portfolio, the capital required to cover operational risk and other floor requirements, and the capital required to cover any major risks.

The Group calculates the capital requirement linked to market risks using the standard regulatory model. The capital adequacy ratio is 8% of net weighted risks.

Since January 1, 2008, the CM10-CIC Group has been subject to the capital adequacy ratio defined by the ministerial decree of February 20, 2007 (Basel II). As such, weighted risks must be equal to at least 80% of the risks calculated in accordance with CRBF regulations 91-05 and 95-02 (Basel I).

The overall capital adequacy ratio must be more than 8%. The regulatory ratios to which the Group is subject were all met as at December 31, 2011.

* Figures not audited by the Statutory Auditors

**Basel II solvency ratio -
CM10-CIC Group at December 31, 2011**

(in €millions)	At Dec. 31, 2011	At Dec. 31, 2010
	Consolidated CM10-CIC	Consolidated CM5-CIC
TOTAL REGULATORY CAPITAL	21,541.1	19,406.8
Tier 1 capital	22,739.3	19,340.4
Temporary deductions from Tier 1 capital	-1,198.2	0.0
Tier 2 capital	4,085.6	4,737.0
Temporary deductions from Tier 2 capital	-4,085.6	-4,670.6
Net capital	21,541.1	19,406.8
Tier 3 capital	0.0	0.0
CREDIT RISK CAPITAL REQUIREMENT	12,098.7	11,655.0
Weighted credit risk	151,234.1	145,687.3
. Central governments and central banks	89.4	146.5
. Institutions	7,738.3	8,177.1
. Corporates	77,075.9	71,167.7
. Retail customers	40,588.4	39,247.1
. Equities	7,522.2	8,206.9
. Other assets	18,219.9	18,742.0
MARKET RISK CAPITAL REQUIREMENT	380.9	346.6
OPERATIONAL RISK CAPITAL REQUIREMENT	1,265.5	1,181.4
FLOOR CAPITAL REQUIREMENT	1,968.2	1,209.2
OVERALL SOLVENCY RATIO	11.0%	10.8%
(including floor capital requirement)		
TIER 1 RATIO	11.0%	10.8%

Capital requirement = Risk-weighted assets x 8%

Solvency ratio = Regulatory capital / Risk-weighted assets

V) Operational risk*

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel-CIC Group has implemented a comprehensive operational risk management system under the responsibility of senior management. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.

The Group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risk, disaster recovery plans and insurance taken out to cover these risks.

* Figures not audited by the Statutory Auditors

The system in place for measuring and monitoring operational risk is based on a common platform applied throughout the Crédit Mutuel-CIC Group using an approach for identifying and modeling risks, whose aim is to calculate the level of capital required to be held in respect of operational risk.

Since January 1, 2010, Crédit Mutuel-CIC has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk, with the exception of the deduction of expected losses from its capital adequacy requirement and the taking into account of insurance, for the consolidated group excluding the foreign subsidiaries, Factocic and Cofidis.

Main objectives

The operational risk management policy set up by the Group is designed:

- to contribute to the Group's effective management by controlling risks and the associated costs;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and leverage skills Group-wide;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities, develop a reliable system of internal control (CRBF 97.02), optimize disaster recovery plans for mission-critical operations and adapt financial reporting (Third Pillar of Basel II).

Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk procedure and verifies that it is consistent with the national risk management policy.

Measurement and control procedure

For modeling purposes, the Group relies mainly on the national database of internal losses, based on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.

Risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the Operational Risk Technical Committee. Capital adequacy requirements are calculated at national level and are then split at regional level.

Operational risk mitigation techniques include:

- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans, logistics and IT solutions for all mission-critical operations in order to limit the seriousness of any incident in the event of a crisis.

A consistent crisis management process, linked to the system for interbank operations, covers crisis communication and the three phases of disaster recovery plans: emergency, business continuity and back-on-track plans.

Reporting and general oversight

Application of the operational risk management policy and risk profile is monitored using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of risk-reduction and financing measures. The Group's executive and governance bodies are regularly provided with information on this risk data, including the requirements of CRBF 97-02.

Documentation and procedures

The Group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:

- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, and of the national function, the frequency and recipients of reports, the scope for the monitoring of Group entities, and the methodology for the consolidation of subsidiaries;
- collection of incident information: procedures laying down the rules for collecting information and controlling internal losses;
- measurement system: procedures concerning, in particular, modeling that is probability based and drawn from the work of experts, the rules for gathering Key Risk Indicators (KRI), the basis for the allocation of capital adequacy requirements and COREP reports.

Disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the Group to limit any losses resulting from operational risk.

“Disaster recovery plan guidelines”, which are the Crédit Mutuel-CIC Group reference document in this field, may be consulted by all teams concerned and are applied at the level of the regional groups.

Plans are classified into two categories:

- business-specific disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional disaster recovery plans relate to activities that constitute business support services (logistics, HR and IT issues).

Plans can be split into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;
- back-on-track plan: this is prepared shortly after the business continuity plan kicks in; time of implementation depends on the extent of damage.

Crisis management and its organization

Crisis management procedures at the level of the Group and the regions cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.

These procedures are based on:

- a Crisis Committee, chaired by the CEO of the bank at regional level or by the Group CEO at national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team’s work is putting in place a disaster recovery plan until business gets back to normal.

Insurance deducted from equity

Operational risk financing programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:

- insurance is taken out for insurable serious or major risks and self-insurance stepped up for losses below excess levels and for intragroup risks;
- insurance is taken out for frequency risks when appropriate, or such risks are financed by withholding amounts on the operating account;
- serious risks that cannot be insured and the residual uninsured risk are recognized in the regulatory capital reserve;
- major risks arising from interbank exchange and payment systems are covered by liquidity reserves set up and allocated on an individual system basis.

The Group has a series of insurance policies covering in particular damage to goods, specific banking risks and fraud, and professional third-party liability, which it aims to utilize to reduce the consumption of regulatory capital in respect of operational risks.

Training

Each year, the Group provides operational risk training for the network managers, internal auditors and operations staff responsible for monitoring these risks.

The BFCM Group's operational risk loss experience

The total amounted to €57.7 million in 2011, including €70.4 million of actual losses and €12.6 million of net reversals of provisions in respect of prior-year losses.

This total is analyzed as follows:

- fraud: €23.9 million;
- industrial relations: €2.6 million;
- human/procedural error: €11.7 million;
- legal risk: €17 million;
- natural disasters and system malfunctions: €2.3 million.

VI) Other risks

Legal risks

Legal risks are incorporated into operational risks and concern, among other things, exposure to fines, penalties and damages for faults by the business in respect of its operations.

Industrial and environmental risks

Industrial and environmental risks are incorporated into operational risks and are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution, etc.), their impact on the business and means of prevention and protection to be put in place, notably crisis management and disaster recovery plans.

5.4 Consolidated financial statements

The financial statements are presented on the following pages.

IFRS consolidated financial statements of BFCM as of December 31, 2011

Consolidated statement of financial position (IFRS) at December 31, 2011 - Assets

In € millions	Dec. 31, 2011	Dec. 31, 2010	Notes
Cash and amounts due from central banks	5,430	6,543	4a
Financial assets at fair value through profit or loss	36,875	40,120	5a, 5c
Hedging derivative instruments	1,099	134	6a, 5c, 6c
Available-for-sale financial assets	64,374	68,041	7, 5c
Loans and receivables due from credit institutions	66,055	65,415	4a
Loans and receivables due from customers	165,358	159,542	8a
Remeasurement adjustment on interest-risk hedged investments	738	580	6b
Held-to-maturity financial assets	14,377	8,926	9
Current tax assets	907	697	13a
Deferred tax assets	1,478	1,168	13b
Accruals and other assets	15,870	14,723	14a
Equity-accounted investments	1,697	1,589	15
Investment property	869	791	16
Property and equipment	1,971	1,965	17a
Intangible assets	902	935	17b
Goodwill	4,203	4,096	18
Total assets	382,200	375,264	

Consolidated statement of financial position (IFRS) at December 31, 2011 - Liabilities and shareholders' equity

In € millions	Dec. 31, 2011	Dec. 31, 2010	Notes
Due to central banks	282	44	4b
Financial liabilities at fair value through profit or loss	30,928	34,194	5b, 5c
Hedging derivative instruments	2,974	2,457	6a, 5c, 6c
Due to credit institutions	49,114	38,193	4b
Due to customers	126,146	116,325	8b
Debt securities	86,673	94,646	19
Remeasurement adjustment on interest-risk hedged investments	-1,664	-1,331	6b
Current tax liabilities	387	395	13a
Deferred tax liabilities	771	850	13b
Accruals and other liabilities	7,596	10,429	14b
Technical reserves of insurance companies	55,907	55,442	20
Provisions	1,365	1,420	21
Subordinated debt	8,025	8,619	22
Shareholders' equity	13,695	13,581	
. Shareholders' equity attributable to the Group	10,623	10,430	
- Subscribed capital and issue premiums	2,061	1,880	23a
- Consolidated reserves	8,824	7,508	23a
- Unrealized or deferred gains and losses	-1,078	-363	23c
- Net income for the year	817	1,405	
. Shareholders' equity - Minority interests	3,072	3,151	
Total liabilities and shareholders' equity	382,200	375,264	

**CONSOLIDATED INCOME STATEMENT (IFRS) FOR THE YEAR ENDED
DECEMBER 31, 2011**

In € millions	2011	2010	Notes
Interest income	14,844	15,748	25
Interest expense	-10,468	-10,915	25
Fee and commission income	2,833	3,098	26
Fee and commission expense	-841	-843	26
Net gain (loss) on financial instruments at fair value through profit or loss	24	77	27
Net gain (loss) on available-for-sale financial assets	-86	123	28
Income from other activities	9,344	11,248	29
Expenses on other activities	-7,898	-10,055	29
Net banking income	7,753	8,481	
Operating expenses	-4,651	-4,613	30a, 30b
Depreciation, amortization and impairment of non-current assets	-284	-298	30c
Gross operating income	2,818	3,570	
Net additions to/reversals from provisions for loan losses	-1,336	-1,214	31
Operating income	1,482	2,356	
Share of net income (loss) of associates	15	35	15
Gains (losses) on other assets	102	8	32
Change in value of goodwill	-9	-45	33
Net income before tax	1,590	2,355	
Corporate income tax	-541	-604	34
Net income	1,050	1,751	
Net income attributable to minority interests	233	346	
Net income attributable to the Group	817	1,405	
Earnings per share (in €)*	31.10	53.93	35

* Basic and diluted earnings per share were identical

Net income and gains and losses recognized directly in shareholders' equity

In € millions	2011	2010	Notes
Net income	1,050	1,751	
Translation adjustments	-5	0	
Remeasurement of available-for-sale financial assets	-730	-300	
Remeasurement of hedging derivative instruments	-16	-45	
Remeasurement of non-current assets	0	0	
Share of unrealized or deferred gains and losses of associates	-13	21	
Total gains and losses recognized directly in shareholders' equity	-764	-324	23c, 23d
Net income and gains and losses recognized directly in shareholders' equity	285	1,426	
attributable to the Group	102	1,095	
attributable to minority interests	184	332	

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions	Capital	Additional paid-in capital	Retained earnings ⁽¹⁾	Translation reserve	Unrealized or deferred gains and losses, net of tax	Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Shareholders' equity at January 1, 2010	1,302	578	6,814	-40	-10	-43	9,409	2,881	12,290
Capital increase									
Appropriation of 2009 earnings			808			-808			
2010 dividend paid out of 2009 earnings			-129			-129	-129	-53	-182
Subtotal: movements arising from shareholder relations			679			-808		-53	-182
Changes of unrealized or deferred gains and losses recognized in shareholder's equity					-265	-45	-310	-14	-324
2010 net income					-265	-45	1,405	346	1,751
Subtotal						1,405	1,095	332	1,427
Impact of changes in group structure			10				10	-20	-10
Translation adjustments				46			46	11	57
Other changes							-1	-1	-1
Shareholders' equity at December 31, 2010	1,302	578	7,503	6	-275	-88	10,430	3,151	13,581
Shareholders' equity at January 1, 2010									
Capital increase									
Appropriation of 2010 earnings			7,503			-88	10,430	3,151	13,581
2011 dividend paid out of 2010 earnings			1,405			-1,405	181		181
Subtotal: movements arising from shareholder relations			1,405			-1,405		-153	-153
Changes of unrealized or deferred gains and losses recognized in shareholder's equity					-698	-17	-715	-49	-764
2011 net income					-698	-17	817	233	1,050
Subtotal						817	102	184	285
Impact of changes in group structure							-105	-112	-217
Change in accounting methods									
Translation adjustments				15			15	3	17
Other changes							1	1	1
Shareholders' equity at December 31, 2011	1,325	736	8,803	20	-973	-105	10,623	3,072	13,695

⁽¹⁾ Reserves at December 31, 2011 include a legal reserve of €130 million, regulatory reserves for a total of €1,242 million and other reserves amounting to €7,430 million.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
Net income	1,050	1,751
Corporate income tax	540	604
Income before income tax	1,590	2,355
+/- Net depreciation/amortization expense on property, equipment and intangible assets	282	294
- Impairment of goodwill and other non-current assets	33	2
+/- Net additions to/reversals from provisions and impairment losses	567	154
+/- Share of net income/loss of associates	-43	-36
+/- Net loss/gain from investment activities	-131	-17
+/- Income/expense from financing activities	0	0
+/- Other movements	731	-2,451
= Total non-monetary items included in income before tax and other adjustments	1,438	-2,054
+/- Cash flows relating to interbank transactions	6,228	-20,819
+/- Cash flows relating to customer transactions	4,560	2,767
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-17,418	6,713
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	-3,631	322
- Corporate income tax paid	-642	-557
= Net decrease/increase in assets and liabilities from operating activities	-10,904	-11,573
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	-7,876	-11,272
+/- Cash flows relating to financial assets and investments in non-consolidated companies	-4,974	-466
+/- Cash flows relating to investment property	-104	-121
+/- Cash flows relating to property, equipment and intangible assets	-76	-199
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	-5,154	-786
+/- Cash flows relating to transactions with shareholders	28	-182
+/- Other cash flows relating to financing activities	7,317	2,642
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	7,344	2,460
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	103	127
Net increase (decrease) in cash and cash equivalents	-5,582	-9,471
Net cash flows from (used in) operating activities	-7,876	-11,272
Net cash flows from (used in) investing activities	-5,154	-786
Net cash flows from (used in) financing activities	7,344	2,460
Impact of movements in exchange rates on cash and cash equivalents	103	127
Cash and cash equivalents at beginning of year	-4,805	4,667
Cash accounts and accounts with central banks and post office banks	6,499	6,790
Demand loans and deposits - credit institutions	-11,304	-2,123
Cash and cash equivalents at end of period	-10,387	-4,805
Cash accounts and accounts with central banks and post office banks	5,147	6,499
Demand loans and deposits - credit institutions	-15,534	-11,304
CHANGE IN CASH AND CASH EQUIVALENTS	-5,582	-9,471

NOTE 1: ACCOUNTING PRINCIPLES AND METHODS

1.1 Accounting reference framework

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2011 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2010. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. The entire framework is available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The information on risk management required by IFRS 7 is shown in a specific section of the management report.

<i>New accounting standards applicable as of January 1, 2011</i>	Date of application specified by the IASB (fiscal years beginning on)	Date of application in the EU (fiscal years beginning on)
IAS 32 - Classification of Rights Issues	2/1/2010	2/1/2010
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	7/1/2010	7/1/2010
IAS 24 - Related Party Disclosures	1/01/2011	1/01/2011
IFRIC 14 - Prepayments of a Minimum Funding Requirement	1/01/2011	1/01/2011
Improvements to existing standards		
Amendments IFRS 3 - Business Combinations	7/1/2010	7/1/2010
Amendment IFRS 7 - Financial Instruments - Disclosures	1/01/2011	1/01/2011
Amendment IAS 1 - Presentation of Financial Statements	1/01/2011	1/01/2011
Amendment IFRIC 13 - Customer Loyalty Programs	1/01/2011	1/01/2011
Amendment IAS 34 - Interim Financial Reporting	1/01/2011	1/01/2011
Standards and interpretations not yet applied		
Amendment IFRS 7 - Disclosures - Transfers of Financial Assets	7/1/2011	7/1/2011
Amendment IAS 12 - Deferred Tax: Recovery of Underlying Assets	1/01/2012	Not adopted
IFRS 9 - Financial Instruments	1/01/2015	Not adopted
IFRS 10 - Consolidated Financial Statements	1/01/2013	Not adopted
IFRS 11 - Joint Arrangements	1/01/2013	Not adopted
IFRS 12 - Disclosures of Interests in Other Entities	1/01/2013	Not adopted
IFRS 13 - Fair Value Measurement	1/01/2013	Not adopted
IAS 28 - Investments in Associates and Joint Ventures	1/01/2013	Not adopted
IAS19 - Employee Benefits	1/01/2013	Not adopted
Amendment IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income	1/01/2013	Not adopted
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	1/01/2013	Not adopted

1.2 Scope and basis of consolidation

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IAS 27, IAS 28 and IAS 31.

The consolidation scope comprises:

- **Entities under exclusive control:** exclusive control is considered as being exercised in cases where the Group holds a majority of the shares, directly or indirectly, and either the majority of the voting rights or the power to appoint the majority of members of the board of directors, executive board or supervisory board, or when the Group exercises a dominant influence. Entities that are controlled exclusively by the Group are fully consolidated.

- **Entities under joint control:** joint control is exercised by virtue of a contractual agreement, and is the shared control of an economic activity, irrespective of the structure or form under which that activity is conducted. Jointly controlled companies are consolidated using the proportional method.

- **Entities over which the Group exercises significant influence:** these are the entities that are not controlled by the consolidating entity, but in which the Group has the power to participate in determining their financial and operating policies. The share capital of the entities in which the Group exercises a significant influence is consolidated using the equity method.

Entities controlled by the Group or over which it exercises significant influence and which are not material in relation to the consolidated financial statements are not consolidated. This situation is presumed if the total statement of financial position or the income statement of an entity represents less than 1% of the related consolidated or sub-consolidated (if applicable) totals. This is a purely relative criterion: an entity may be included in the consolidated group regardless of the 1% threshold if it is regarded as a strategic investment given its activity or its development.

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities are conducted exclusively on behalf of the Group; the Group has the decision-making or management powers to obtain the majority of the benefits of the ongoing operations of the SPE; the Group has the capacity to benefit from the SPE; the Group retains the majority of the risks related to the SPE).

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation and their value is accounted for under the fair value option.

❑ Changes in the scope of consolidation

Changes in the scope of consolidation as of December 31, 2011 were as follows:

- **Additions to the scope of consolidation:**

Banking network and network subsidiaries: Banque Casino

Insurance companies: Voy Mediacion, Atlancourtage.

Other companies: CM-CIC Immobilier, France Est, L'Est Républicain, Journal de la Haute Marne, Affiches d'Alsace Lorraine, Alsatic, Alsace Média Participations, Alsacienne de Portage des DNA, A.Télé, Les Dernières Nouvelles d'Alsace, Les Dernières Nouvelles de Colmar, France Régie, Publicité Moderne, Roto Champagne, Société Alsacienne de Presse de l'Audiovisuel, SDV Plurimédia, Société de Presse Investissement, Top Est 88, SEHLJ, Est Bourgogne Média.

- **Mergers / acquisitions:** CIC Investissements with CMCIC Investissement, Financière Voltaire with CMCIC Capital Finance, GPK Finance with Transatlantique Gestion, Société Foncière et Financière with CMCIC Capital Finance, IPO with CMCIC Investissement and IPO Ingénierie with CMCIC Capital Finance, les Journaux de Saône et Loire with Est Bourgogne Media and le Bien Public with Est Bourgogne Media.

- **Removals from the scope of consolidation:** Alsace Publicité, Cofidis Romania, Euro Protection Services, ICM Ré, Vizille de Participations.

Consolidation methods

The consolidation methods used are as follows:

❑ Full consolidation

This method involves substituting for the value of the shares each of the assets and liabilities of each subsidiary and recognizing the interests of non-controlling shareholders in shareholders' equity and in the income statement. This method is applicable to all entities under exclusive control, including those that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

❑ Proportionate consolidation

This method involves the consolidation by the consolidating entity of the representative share of its interests in the accounts of the consolidated entity, after restatements if necessary, so that no allowance is made for non-controlling interests. This method is applicable to all entities under joint control, including entities that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

❑ Consolidation using the equity method

This involves substituting for the value of the shares the Group's interest in the equity and in the earnings of the relevant entities. This method applies to entities over which the Group exercises significant influence.

Closing date

All Group companies falling within the scope of consolidation have a December 31 closing date.

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.

Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euro at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Goodwill

❑ Measurement differences

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Any difference between carrying amounts and fair value is recognized as goodwill.

❑ Acquisition goodwill

In accordance with IFRS 3R, when the Bank acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value

at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at fair value net of selling costs. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".

If the Group's stake in an entity it already controls increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies. Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R.

Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These impairment losses on goodwill – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the Group's business lines.

Non-controlling interests

These correspond to interests that do not provide control, as defined in IAS 27, and incorporate those instruments representing current ownership interests that entitle the owner to a pro rata share of the net assets of the entity in the event of liquidation, and other equity instruments issued by the subsidiary and not owned by the Group.

1.3 Accounting principles and methods

IFRS offer a choice of accounting methods for certain items. The main options adopted by the Group relate to the following:

- The use of fair value or of remeasurement to assess the presumed cost of non-current assets at the time of translation. This option may apply to any tangible asset or intangible asset that satisfies the remeasurement criteria, or to any investment property valued on a cost basis. The Group has chosen not to adopt this option.
- The Group has not opted for the immediate recognition in shareholders' equity of actuarial gains and losses related to employee benefits.
- The Group has opted to re-set translation adjustments to zero in the opening statement of financial position.
- The valuation at market price of certain liabilities issued by the company and not included in the trading book.
- The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.
- The Group used the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

1.3.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the Group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.

The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option).

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

The fair value of loans and receivables is disclosed in the notes to the financial statements at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

1.3.2 Impairment of loans and receivables, financing commitments and financial guarantees given, and available-for-sale or held-to-maturity instruments

Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under “provisions” in liabilities for financing and guarantee commitments.

Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

Collective impairment of loans

Customer loans that are not individually impaired are risk-assessed on the basis of loans with similar characteristics. This assessment draws upon internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, while any movements in impairment are included in “Net additions to/reversals from provisions for loan losses” in the income statement.

1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-Group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
 - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
 - the net carrying amount of the leased non-current assets;
 - the deferred tax provision.

□ Finance leases – lessee accounting

In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an amount due to credit institutions is recorded as a liability. Lease payments are broken down between principal repayments and interest.

1.3.4 Acquired securities

The securities held are classified into the three categories defined in IAS 39, namely financial instruments at fair value through profit or loss, financial assets held to maturity, and financial assets available for sale.

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

- *Classification*

Financial instruments at fair value through profit or loss comprise:

- a) financial instruments held for trading purposes, consisting mainly of instruments that:
 - a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
 - b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - c. represent derivatives not classified as hedges.

- b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. This option is designed to help entities produce more relevant information, by enabling:
 - a. certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;
 - b. a significant reduction in accounting mismatches regarding certain assets and liabilities;
 - c. a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis.

This Group used this option mainly in connection with insurance business units of account contracts in line with the treatment for liabilities, as well as the securities held in the private equity portfolio and certain debt securities with embedded derivatives.

- *Basis for recognition and measurement of related income and expenses*

Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value and in interest received or accrued on fixed-income securities are

taken to the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”. Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are taken to income. Fair value also incorporates an assessment of counterparty risk on these securities.

- *Fair value or market value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction. The fair value of an instrument upon initial recognition is generally its transaction price.

If the instrument is traded on an active market, the best estimate of fair value is the quoted price.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held. A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm’s length basis.

If the market for a financial instrument is not active, fair value is established using a valuation technique.

Derivatives are remeasured based on available observable market data such as yield curves to which the bid/ask price is then applied.

A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

- *Criteria for classification and rules of transfer*

Market conditions may cause the Crédit Mutuel Group to review its investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39. Transfers to “Available for sale financial assets” or “Held to maturity financial assets” categories are authorized in exceptional circumstances. Transfers to the “Loans and receivables” category are contingent upon the Group's intention and ability to retain ownership of such securities in the foreseeable future or until maturity. The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

- Available for sale financial assets*

- *Classification*

Available-for-sale financial assets are financial assets that have not been classified as “loans and receivables”, held-to-maturity financial assets” or “financial assets at fair value through profit or loss”.

- *Basis for recognition and measurement of related income and expenses*

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized or deferred gains or losses recognized in equity are only transferred to the income statement in the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under “Net gain/ (loss) on available-for-sale financial assets”. Purchases and sales are recognized at the settlement date.

Income received or accrued from fixed-income available-for-sale securities is recognized in the income statement under “Interest income”. Dividend income relating to variable-income available-for-sale securities is taken to income under “Net gain/ (loss) on available-for-sale financial assets”.

- *Impairment of available-for-sale debt instruments*

Impairment losses are recognized in “Net additions to/reversals from provisions for loan losses” and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Impairment of available-for-sale equity instruments*

An equity instrument is impaired when there is objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) information regarding significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and which indicates that the cost of the investment may not be recovered.

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 36 consecutive months implies an impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

Impairment is recognized under “Net gain/ (loss) on available-for-sale financial assets” and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Criteria for classification and rules of transfer*

Fixed-income securities may be reclassified:

- Into “Held-to-maturity financial assets” in the event of a change in the management intention, and provided that they qualify for this category;
- Into “Loans and receivables” in the event of a change in the management intention, the ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;

In the event of transfer, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be written back.

In the event of a transfer of instruments with a fixed maturity from “Available-for-sale financial assets” to the “Held-to-maturity financial assets” or “Loans and receivables” categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In the case of a transfer of instruments without a fixed maturity date to the “Loans and receivables” category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

- Held-to-maturity financial assets

- *Classification*

Held-to-maturity financial assets are financial assets listed on an active market, with fixed or determinable payments that the Group has the positive intention and ability to hold to maturity, other than those that the Group has designated at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at the end of each reporting period.

- *Basis for recognition and measurement of related income and expenses*

Held-to-maturity investments are recognized at fair value upon acquisition. Transaction costs are deferred and included in the calculation of the effective interest rate, unless they are not material in which case they are recognized immediately through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the actuarial amortization of premiums and discounts corresponding to the difference between the purchase price and redemption value of the asset).

Income earned from this category of investments is included in “Interest income” in the income statement.

- *Impairment*

Should a credit risk arise, impairment on held-to-maturity financial assets is calculated in the same way as for loans and receivables.

- *Criteria for classification and rules of transfer*

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.

Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39. Furthermore, disposals or transfers of securities in this portfolio are very restricted, due to the provisions laid down

in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

□ Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, as defined by IFRS 7:

- level 1: prices quoted on active markets for identical assets or liabilities;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);
- level 3: data relating to the asset or liability that are not based on observable market data (non-observable data).

□ Derivatives and hedge accounting

- *Financial instruments at fair value through profit or loss - derivatives*

A derivative is a financial instrument:

- whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the “underlying”;
- which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;
- which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.

Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as “fair value hedges” or “cash flow hedges”, as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following three conditions:

- the hybrid instrument is not measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

□ *Financial instruments at fair value through profit or loss - derivatives - structured products*

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps. There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.

The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the end of the reporting period. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products or by extrapolating quoted values. All these parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market

prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as “day one profit”. IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products with barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

□ *Hedge accounting*

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues. Hedges of a net investment in a foreign operation are a special type of cash flow hedge.

At the inception of the hedge, the Group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.

The ineffective portion of the hedge is recognized in the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

Fair value hedging instruments

The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item “Interest income, interest expense and equivalent - Hedging derivative instruments”, symmetrically to the interest income or expenses relating to the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item “Net gain (loss) on financial instruments at fair value through profit or loss” symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.

The hedge must be considered as “highly effective” to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item’s fair value or cash flows. The ratio between those two changes must lie within the range of 80% and 125%.

If the hedging relationship is interrupted, or the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments - interest rate risk

The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios.

For each portfolio of assets or liabilities, the bank checks that there is no excess hedging, and does so by pillar business line and at each reporting date.

The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit. Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called “Remeasurement adjustment on investments hedged against interest rate risk”, the counterpart being an income statement line item.

Cash flow hedging instruments

In the case of a cash flow hedge relationship, the gains or losses on effective hedging instruments are recognized in shareholders' equity under the line item “Unrealized or deferred gains and losses relating to cash flow hedging derivatives”, while the ineffective portion is recognized in the income statement under the “Net gains and losses on financial instruments at fair value through profit or loss” heading.

The amounts recognized in shareholders' equity are carried to the income statement under the “Interest income, interest expense and equivalent” heading, at the same rate as the cash flows of the hedged item affect the income statement. The hedged items remain recognized in accordance with the specific provisions for their accounting category.

If the hedging relationship is interrupted, or if the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied. Cumulative amounts recognized in shareholders' equity as a result of the remeasurement of a hedging derivative, remain recognized in equity until the hedged transaction affects earnings or when it becomes apparent that the transaction will not take place. These amounts are subsequently carried to the profit and loss account.

Reclassifications of debt instruments

Fixed income securities or debt instruments valued at fair value through profit or loss can be reclassified into the following categories:

- i. “*Financial assets held to maturity*”, only in rare cases, if management's intention has changed, and provided that they fulfill the eligibility conditions of this category;
- ii. “*Loans and receivables*” in the event of a change in management's intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they qualify for this category;
- iii. “*Available for sale*” only in rare cases.

Fixed income securities or debt instruments available for sale may be reclassified into the following categories:

- a- “*Financial assets held to maturity*”, in the event of a change in management's intention or ability, and provided that they fulfill the eligibility conditions of this category;
- b- “*Loans and receivables*”, in case the Group has the intention and ability to hold the financial assets in the foreseeable future or until maturity, and provided that they qualify for this category.

In the event of a reclassification, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be derecognized.

In the event of a transfer of debt instruments with a fixed maturity from the category “*Financial assets available for sale*” to the “*Financial assets held to maturity*” or “*Loans and receivables*” categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In case of a reclassification of debt instruments with no fixed maturity to the “*Loans and receivables*” category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

1.3.5 Debt represented by a security

Debt evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for at their issue value minus, usually, the transaction costs.

These debt securities are subsequently measured at amortized cost using the effective interest method.

Some “structured” debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably.

The host contract is recognized at amortized cost at a later stage. Its fair value is determined based on quoted market prices or valuation models.

1.3.6 Subordinated debt

Term or perpetual subordinated debt is separated from debt securities, because their redemption, should the debtor enter liquidation, is only possible after all the other creditors have been paid. Such debt is valued at amortized cost.

1.3.7 Distinction between Debt and Shareholders' equity

According to the IFRIC 2 interpretation, shares owned by member-shareholders are equity if the entity has an unconditional right to refuse the redemption, or if there are legal or statutory provisions prohibiting or seriously restricting the redemption. In view of the existing legal or statutory provisions, the shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group, are recognized in equity.

The other financial instruments issued by the Group qualify as debt instruments for accounting purposes, where there is a contractual obligation for the Group to provide cash to the security holders. This is in particular the case for all the subordinated securities issued by the Group.

1.3.8 Provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.

A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:

- Legal risk;
- Social commitments;
- Execution risk on off-statement of the financial position commitments;
- Litigation risk and guarantee commitments given;
- Tax risks;
- Risks related to home savings accounts and plans.

1.3.9 Amounts due to customers and credit institutions

Debt includes fixed-or determinable income financial liabilities. They are recognized at their market value when they are posted to the statement of financial position, and are subsequently valued at reporting date at amortized cost using the effective interest method, except for those that have been recognized under the fair value option.

Regulated savings contracts

The “*comptes épargne logement*” (CEL – home savings accounts) and “*plans épargne logement*” (PEL - home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential housing loan in a second stage. They generate two types of commitments for the distributing institution:

- A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);
- A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

These commitments have been estimated on the basis of customer behavior statistics and market inputs. A provision has been made on the liabilities side of the statement of financial position to cover future charges related to the potentially unfavorable conditions of such products, compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach results in the generation of homogeneous regulated terms for the PEL and the CEL. The impact on the income statement is recognized as “Interest paid to customers”.

1.3.10 Cash and cash equivalents

Cash and cash equivalents consolidate the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.

In the statement of cash flows, UCITS are classified as an “operational activity” and therefore do not need to be reclassified.

1.3.11 Employee benefits

Employee benefits are recognized in accordance with IAS 19. Social obligations are subject, where relevant, to a provision reported under the line item “Provisions for risks and charges”. A change in this item is recognized in the income statement under the “Employee expense” heading.

❑ Defined post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.

These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

- The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end
- The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features
- The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities
- Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end
- The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67.
- The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.

The Group has opted for the immediate recognition of actuarial gains and losses in the income statement for the year, in the form of provisions not spread over the remaining working life of the employees. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

Supplementary benefits provided by pension funds

The AFB stepping stone agreement of September 13, 1993 modified the pension plans of credit institutions. Since January 1, 1994, all banks are members of the French pension plans of Arrco and Agirc. The four pension funds of which the Group's banks are members have been merged. They provide for the payment of the various charges required by stepping stone agreement, drawing on their reserves completed if necessary by additional annual contributions paid in by the member banks concerned and whose average rate over the next ten years is capped at 4% of the payroll expense. After the merger, the pension fund was transformed into an IGRS (public institution to manage additional retirement benefits) in 2009. It has no asset shortfall.

Other post-employment defined benefits

A provision is recognized for long service awards and supplementary retirement benefits, including special plans. They are valued on the basis of entitlements acquired by all the staff in active service, notably on the basis of staff turnover in the consolidated entities and the estimated future salaries and wages to be paid to the beneficiaries at the time of their retirement, increased where appropriate by social security contributions. The long service awards of the Group's banks in France are covered up to at least 60% by an insurance contract taken out with ACM Vie, an insurance company of the Crédit Mutuel Group, which is fully consolidated.

❑ Defined contribution post-employment benefits

The Group's entities contribute to a number of pension plans managed by organizations that are independent from the Group, for which the entities have no additional formal or implicit payment obligation, in particular if the assets in the pension plans are not sufficient to meet liabilities.

As these plans do not represent obligations of the Group, they are not subject to a provision. The related expenses are recognized in the financial year in which the contributions must be paid.

❑ Long-term benefits

These are benefits to be paid, other than post-employment benefits and termination benefits, which fall due wholly more than 12 months after the end of the period during which the employee rendered the related service, for example work medals, time savings accounts, etc.

The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in the income statement for the accounting period, as the "corridor" method is not allowed.

Obligations in respect of work medals are sometimes covered by insurance policies. A provision is established only the uncovered part of these obligations.

❑ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM10 and CIC Groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Life SA.

Employees of the CM10 Group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire.

The total amount of the obligation was €719 million as of December 31, 2011, covered by technical reserves of €692 million and €39 million worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The obligation relating to this plan amounted to €287 million as of December 31, 2011, covered by €302 million worth of special technical provisions recognized on the liabilities side of the ACM Vie statement of financial position, including all beneficiaries.

❑ Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than 12 months after the reporting date.

❑ Short-term benefits

These are benefits payable within the twelve months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.

An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies have been drawn up in accordance with IFRS 4. This also applies to reinsurance policies, whether issued or subscribed, and to financial contracts including a discretionary profit-sharing clause.

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

□ Assets

Financial assets, investment properties and fixed assets follow the accounting methods described elsewhere. However, financial assets representing technical provisions related to unit-linked contracts are shown under the line item “Financial assets at fair value through profit or loss”.

□ Liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are shown under the line item “Technical reserves of insurance policies”. They are measured, accounted for and consolidated as under the French standards.

Technical reserves of life insurance policies consist mainly of mathematical reserves, which generally correspond to the surrender value of the policies. The risks covered mainly include death, disability and incapacity for work (for borrower’s insurance).

Technical reserves of unit-linked contracts are measured, on the reporting date, based on the realizable value of the assets underlying these contracts.

Reserves of non-life insurance policies correspond to unearned premiums (portion of premiums issued related to subsequent years) and claims payable.

Insurance policies that have a discretionary profit-sharing clause are subject to “shadow accounting”. The resulting provision for deferred profit-sharing represents the share of capital gains and losses accruing to policyholders. These provisions for deferred profit-sharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.

On the reporting date, the liabilities carried for these policies (net of other related asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired) are tested to check that they are sufficient to cover the future cash flows estimated at this date. Any shortfall in technical provisions is recognized in income for the period (and may be reversed at a later stage).

□ Income statement

Income and expenses recognized for the insurance policies issued by the Group are shown under the “Income from other activities” and “Expenses on other activities” line items.

Income and expenses pertaining to the proprietary trading activities of the insurance entities are recognized under the line items related to them.

1.3.13 Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. Investment property comprises assets held to earn rentals or for capital appreciation, or both. Investment property is accounted for at cost, in the same way as assets used in operations.

Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs incurred in the construction or adaptation of property assets are not capitalized.

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property.

The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity. Intangible assets that have an indefinite useful life are not amortized.

Depreciation and amortization of assets used in operations is recognized in “Allowance / write-back of amortization and provisions for fixed operating assets” in the income statement.

Depreciation and amortization relating to investment properties is recognized in “Expenses of the other activities” in the income statement.

The depreciation and amortization periods are:

Property and equipment:

- Land, fixtures, utility services: 15-30 years
- Buildings – structural work: 20-80 years (depending on the type of building in question)
- Construction – equipment: 10-40 years
- Fixtures and installations: 5-15 years
- Office equipment and furniture: 5-10 years
- Safety equipment: 3-10 years
- Rolling stock: 3-5 years
- Computer equipment: 3-5 years

Intangible fixed assets:

- Software bought or developed in-house: 1-10 years
- Businesses acquired: 9-10 years (if acquisition of customer contract portfolio)

Depreciable and amortizable assets are tested for impairment when there is evidence at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in “Depreciation, amortization and impairment of property, plant and equipment and intangible assets”.

Impairment losses relating to investment properties are recognized in “Expenses on other activities” (for additional impairment losses) and “Income from other activities” (for reversals) in the income statement.

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in “Net gain/ (loss) on disposals of other assets”.

Gains and losses on disposals of investment property are shown in the income statement under “Income from other activities” or “Expense on other activities”.

1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.

Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

Net deferred tax assets are recognized only in cases where their recovery is considered highly probable. Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

They are not discounted.

1.3.15 Interest paid by the French Government on some loans

Within the framework of aid to the rural and agricultural sector, as well as the purchase of residential property, some Group entities provide loans at low interest rates, set by the Government. Consequently, these entities receive from the government a contribution equal to the rate differential between the interest rate offered to customers and the predefined benchmark rate. Therefore, no discount is recognized in respect of the loans benefiting from these subsidies.

The structure of the offset mechanism is reviewed by the government on a periodic basis.

The contribution received from the government is recorded in the “Interest and similar income” line and spread over the life of the corresponding loans, pursuant to IAS 20.

1.3.16 Financial guarantees and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP (i.e. as off-balance sheet items), pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

1.3.17 Foreign exchange transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under “Net gain/ (loss) on financial instruments at fair value through profit or loss”.

Non-monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under “Net gain/ (loss) on financial instruments at fair value through profit or loss”, or under “Unrealized or deferred gains and losses” if they are classified as available-for-sale.

When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of shareholders’ equity, under “Cumulative translation adjustment”. The income statements of foreign subsidiaries are translated into euro at the average exchange rate for the year, and the resulting translation differences are recorded under “Cumulative translation adjustment”. On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within 12 months of the end of the reporting period.

The related assets and liabilities are shown separately in the statement of financial position, on the lines “Noncurrent assets held for sale” and “Liabilities associated with non-current assets held for sale”. Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/ amortized.

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

Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line “Post-tax gain/ (loss) on discontinued operations and assets held for sale”.

1.3.19 Judgments made and estimates used in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements.

This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates. This applies in particular to:

- the impairment of debt and equity instruments,

- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”;
- the assessment of the active nature of certain markets;
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in “Loans and receivables” or “Held-to-maturity financial assets” for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible fixed assets,
- measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

NOTE 2 - Analysis of statement of financial position and income statement items by activity and geographic region

The Group's activities are as follows:

- Retail banking brings together the network of CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Exterieur and all specialist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.
 - The Insurance business line comprises the Assurances du Crédit Mutuel Group
 - Financing and capital markets covers:
 - a) financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;
 - b) capital markets activities in general, spanning customer and own account transactions involving interest rate instruments, foreign exchange and equities, including brokerage services.
 - Private banking encompasses all companies specializing in this area, both in France and internationally.
 - Private equity, conducted for the Group's own account, and financial engineering make up a business unit.
 - Logistics and holding company services include all activities that cannot be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities and IT entities holding real estate used for operations.
- Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the BIGM Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

2a - Breakdown of the statement of financial position items by business line

December 31, 2011	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - assets	1,376	0	1,490	985	0	1,579	5,430
Financial assets at fair value through profit or loss	128	11,158	23,380	150	1,804	255	36,875
Hedging derivative instruments - assets	346	0	290	4	0	459	1,099
Available-for-sale financial assets	666	37,680	21,650	3,755	8	614	64,374
Loans and receivables due from credit institutions	3,398	12	59,658	2,946	9	32	66,055
Loans and receivables due from customers	141,522	217	16,441	7,124	0	53	165,358
Held-to-maturity financial assets	64	8,531	362	6	0	5,413	14,377
Equity-accounted investments	594	398	(0)	1	0	705	1,697
LIABILITIES							
Cash, central banks, post office banks - liabilities	0	0	0	282	0	0	282
Financial liabilities at fair value through profit or loss	80	1,858	28,858	133	0	0	30,928
Hedging derivative instruments - liabilities	330	0	2,656	461	0	-473	2,974
Due to credit institutions	5,829	0	43,286	0	0	0	49,114
Due to customers	96,391	81	6,176	14,609	0	8,889	126,146
Debt securities	32,660	0	53,965	36	0	13	86,673
December 31, 2010							
	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - assets	1,100	0	3,978	449	0	1,016	6,543
Financial assets at fair value through profit or loss	188	10,993	26,877	113	1,653	295	40,120
Hedging derivative instruments - assets	-18	0	-201	8	0	346	134
Available-for-sale financial assets	721	38,884	22,614	4,816	3	1,004	68,041
Loans and receivables due from credit institutions	2,621	14	58,252	4,437	6	86	65,415
Loans and receivables due from customers	136,459	228	16,641	5,629	0	585	159,542
Held-to-maturity financial assets	68	7,928	339	7	0	585	8,926
Equity-accounted investments	508	325		1	0	755	1,589
LIABILITIES							
Cash, central banks, post office banks - liabilities	0	0	0	44	0	0	44
Financial liabilities at fair value through profit or loss	67	1,804	32,161	162	0	0	34,194
Hedging derivative instruments - liabilities	395	0	1,577	423	0	63	2,457
Due to credit institutions	17,894	0	19,955	344	0	0	38,193
Due to customers	83,473	56	6,826	13,621	0	12,349	116,325
Debt securities	21,601	0	70,280	32	0	2,733	94,646

2b - Breakdown of the income statement items by business line

2011	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	6,215	875	885	432	93	-692	-55	7,753
General operating expenses	-3,679	-332	-256	-317	-34	-374	55	-4,935
Gross operating income	2,535	544	630	115	59	-1,065		2,818
Net additions to/reversals from provisions for loan losses	-781	-41	-149	-43	0	-322		-1,336
Net gain (loss) on disposal of other assets	31	85	0	13	0	-21		108
Net income before tax	1,785	587	481	86	59	-1,408	0	1,590
Corporate income tax	-594	-173	-180	-18	-2	426		-541
Net income	1,192	414	301	68	57	-983	0	1,050
Non-controlling interests								233
Net income attributable to the Group								817

2010	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	6,293	1,114	1,074	404	191	-536	-59	8,481
General operating expenses	-3,691	-347	-262	-320	-35	-314	59	-4,910
Gross operating income	2,602	767	812	84	155	-851		3,569
Net additions to/reversals from provisions for loan losses	-1,076		-32	-15		-92		-1,215
Net gain (loss) on disposal of other assets	24	-3		1		-24		-2
Net income before tax	1,550	764	780	71	155	-966		2,354
Corporate income tax	-522	-169	-190	-8	-3	289		-603
Net income	1,028	595	590	62	153	-677		1,751
Non-controlling interests								346
Net income attributable to the Group								1,405

2c - Breakdown of the statement of financial position items by geographic region

	December 31, 2011				December 31, 2010			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
ASSETS								
Cash, central banks, post office banks - assets	1,889	2,050	1,490	5,430	1,400	1,166	3,977	6,543
Financial assets at fair value through profit or loss	34,961	929	985	36,875	37,453	1,080	1,586	40,120
Hedging derivative instruments - assets	1,091	6	2	1,099	122	10	1	134
Available-for-sale financial assets	58,624	4,931	818	64,374	60,611	6,189	1,241	68,041
Loans and receivables due from credit institutions	60,532	3,387	2,136	66,055	57,632	4,841	2,942	65,415
Loans and receivables due from customers	140,063	21,966	3,329	165,358	135,087	21,371	3,084	159,542
Held-to-maturity financial assets	14,371	6	0	14,377	8,920	6	0	8,926
Equity-accounted investments	842	299	557	1,697	952	169	468	1,589
LIABILITIES								
Cash, central banks, post office banks - liabilities	0	282	0	282	0	44	0	44
Financial liabilities at fair value through profit or loss	30,345	353	230	30,928	32,486	1,518	190	34,194
Hedging derivative instruments - liabilities	2,466	466	43	2,974	2,007	426	23	2,457
Due to credit institutions	32,260	9,748	7,106	49,114	20,979	13,446	3,768	38,192
Due to customers	102,488	23,029	629	126,146	92,862	22,539	924	116,325
Debt securities	85,722	464	488	86,673	76,856	9,985	7,805	94,646

* USA, Singapore, Tunisia and Morocco

2d - Breakdown of the income statement items by geographic region

	2011				2010			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income**	5,643	1,861	249	7,753	6,126	2,011	343	8,481
General operating expenses	-3,600	-1,267	-68	-4,935	-3,507	-1,330	-74	-4,911
Gross operating income	2,044	593	181	2,818	2,619	681	269	3,570
Net additions to/reversals from provisions for loan losses	-904	-429	-3	-1,336	-432	-602	-180	-1,214
Net gain (loss) on disposal of other assets***	59	3	46	108	-23	-12	33	-2
Net income before tax	1,199	168	224	1,590	2,164	68	122	2,355
Net income	786	116	148	1,050	1,558	71	121	1,751
Net income attributable to the Group	610	70	136	817	1,275	20	110	1,405

* USA, Singapore, Tunisia and Morocco

** In 2011, 22% of the Net banking income (excluding Logistics and holding business line) came from foreign operations

*** Including net income of associates and impairment losses on goodwill

NOTE 3 - Scope of consolidation

	December 31, 2011			December 31, 2010		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	96	96	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Banque Nord Ouest	100	93	FC	100	93	FC
CIC Est	100	93	FC	100	93	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	93	FC
CIC Ouest	100	93	FC	100	93	FC
CIC Sud Ouest	100	93	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	93	93	FC
Targobank AG & Co. KgaA	100	100	FC	100	100	FC
Targobank Spain (former Banco Popular Hipotecario)	50	50	PC	50	50	PC
B. Banking network - subsidiaries						
Banca Popolare di Milano	7	6	EM	5	4	EM
Banque Casino	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Extérieur (BMCE)	25	25	EM	25	25	EM
CZC	100	43	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	73	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	93	FC
CM-CIC Home Loan SFH	100	100	FC	100	100	FC
CM-CIC Laviolette Financement	100	88	FC	100	93	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentina	66	28	FC	66	23	FC
Cofidis Belgium	100	43	FC	100	34	FC
Cofidis Spain			MER	100	34	FC
Cofidis France	100	43	FC	100	34	FC
Cofidis Italy	100	43	FC	100	34	FC
Cofidis Czech Republic	100	43	FC	100	34	FC
Cofidis Romania			NC	100	34	FC
Cofidis Slovakia	100	43	FC	100	34	FC
Creatis	100	43	FC	100	34	FC
Factocic	96	88	FC	85	79	FC
FCT CMCIC Home loans	100	100	FC	100	100	FC
Monabanq	100	43	FC	100	34	FC
Saint-Pierre SNC	100	93	FC	100	93	FC
SCI La Tréflère	46	46	EM	46	46	EM
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	100	98	FC	100	98	FC
Sofim	100	93	FC	100	93	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	93	FC
Diversified Debt Securities	100	95	FC	100	95	FC
Divhold	100	95	FC	100	95	FC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	93	FC
Banque Transatlantique	100	93	FC	100	93	FC
Banque Transatlantique Belgium	100	92	FC	100	91	FC
Banque Transatlantique Luxembourg	90	86	FC	90	86	FC
Banque Transatlantique Singapore	100	93	FC	100	93	FC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking - Banque Pasche	100	93	FC	100	93	FC
CIC Switzerland	100	93	FC	100	93	FC
Dubly-Douilhet	63	58	FC	63	58	FC
GPK Finance			MER	100	93	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	93	FC
Pasche Finance SA Fribourg	100	93	FC	100	93	FC
Pasche Fund Management Ltd	100	93	FC	100	93	FC
Pasche International Holding Ltd	100	93	FC	100	93	FC
Pasche SA Montevideo	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	46	FC	52	48	FC
Serficom Family Office Inc	100	93	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	93	FC
Serficom Investment Consulting (Shanghai)	100	93	FC	100	93	FC
Serficom Maroc SARL	100	93	FC	100	93	FC
Transatlantique Gestion	100	93	FC	100	93	FC
Valeroso Management Ltd	100	93	FC	100	93	FC
E. Private equity						
CM-CIC Investissement (formerly Banque de Vizille)	100	92	FC	98	90	FC
CM-CIC Capital Finance (formerly CIC Finance)	100	93	FC	100	93	FC

	December 31, 2011			December 31, 2010		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
CIC Investissement			MER	100	93	FC
CIC Vizille Participation			NC	100	90	FC
Financière Voltaire			MER	100	93	FC
Institut de Participations de l'Ouest (IPO)			MER	100	93	FC
IPO Ingénierie			MER	100	93	FC
Sudinnova	66	61	FC	63	57	FC
CM-CIC Conseil (formerly Vizille Capital Finance)	100	93	FC	100	90	FC
CM-CIC Capital Innovation (formerly Vizille Capital Innovation)	100	92	FC	100	90	FC
<i>F. Logistics and holding company</i>						
Adepi	100	93	FC	100	93	FC
Carmen Holding Investissement	84	84	FC	67	67	FC
CIC Migrations	100	93	FC	100	93	FC
CIC Participations	100	93	FC	100	93	FC
Cicor	100	93	FC	100	93	FC
Cicoval	100	93	FC	100	93	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	45	46	EM	45	46	EM
Cofidis Participations	51	43	FC	51	34	FC
Efsa	100	93	FC	100	93	FC
Est Bourgogne Rhone Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
France Est	100	98	FC			NC
Gesteurop	100	93	FC	100	93	FC
Gestunion 2	100	93	FC	100	93	FC
Gestunion 3	100	93	FC	100	93	FC
Gestunion 4	100	93	FC	100	93	FC
Groupe Républicain Lorrain Communication (GRLC)	100	100	FC	100	100	FC
Impex Finance	100	93	FC	100	93	FC
L'Est Républicain	92	91	FC			NC
Marsovalor	100	93	FC	100	93	FC
Pargestion 2	100	93	FC	100	93	FC
Pargestion 4	100	93	FC	100	93	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans l'Alsace	50	50	FC	50	50	FC
Société Française d'Edition de Journaux et d'Imprimés Commerciaux (SFEJIC)	99	97	FC	100	97	FC
Sofiholding 2	100	93	FC	100	93	FC
Sofiholding 3	100	93	FC	100	93	FC
Sofiholding 4	100	93	FC	100	93	FC
Sofinaction	100	93	FC	100	93	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	93	FC
Ugépar Service	100	93	FC	100	93	FC
Valimar 2	100	93	FC	100	93	FC
Valimar 4	100	93	FC	100	93	FC
VTP 1	100	93	FC	100	92	FC
VTP 5	100	93	FC	100	93	FC
<i>G. Insurance companies</i>						
ACM IARD	96	69	FC	96	69	FC
ACM GIE	100	72	FC	100	72	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Services	100	72	FC	100	72	FC
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Atlancourtage	100	72	FC			NC
Euro Protection Services			NC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré			NC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	22	16	EM
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
Voy Mediacion	100	63	FC			NC
<i>H. Other companies</i>						
A. TELE	69	49	FC			NC
Affiches D'Alsace Lorraine	100	89	FC			NC
Agence Générale d'Informations régionales	100	97	FC	49	49	EM
Alsace Média Participation	100	89	FC			NC
Alsacienne de Portage des DNA	100	89	FC			NC
ALSATIC	80	71	FC			NC
Cime & Mag	100	97	FC	100	97	FC
CM-CIC Immobilier	100	100	FC			NC
Distripub	100	97	FC	100	97	FC
Documents AP	100	100	FC	100	100	FC
Est Bourgogne Médias	100	100	FC			NC
Est Imprimerie	100	97	FC	100	97	FC
Europe Régie	66	64	FC	66	64	FC
Foncière Massena	78	56	FC	78	56	FC
France Régie	100	89	FC			NC

	December 31, 2011			December 31, 2010		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries - GRLI	100	100	FC	100	100	FC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC	100	100	FC
Interprint	100	100	FC	100	100	FC
Jean Bozzi Communication	100	100	FC	100	100	FC
Journal de la Haute Marne	50	46	EM			NC
La Liberté de L'est	96	92	FC	49	49	EM
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC	100	97	FC
L'Alsace Magazines Edition - L'ame	100	97	FC	100	97	FC
Le Bien Public			MER	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	100	89	FC			NC
Les Dernières Nouvelles de Colmar	100	89	FC			NC
Les Editions de l'Echiquier	100	97	FC	100	97	FC
Les Journaux de Saone et Loire			MER	100	100	FC
Lumedia	50	50	PC	50	50	PC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC	100	97	FC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publicité Moderne	100	91	FC			NC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint province n° 1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC	100	100	FC
Républicain Lorrain Tv News	100	100	FC	100	100	FC
Républicain Lorrain Voyages	100	100	FC	100	100	FC
Roto Offset	100	97	FC	100	97	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC	90	87	FC
SCI Ecriture	100	97	FC	100	97	FC
SCI Gutenberg	100	100	FC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	100	100	FC
SCI Roseau d'Or	100	97	FC	100	97	FC
SDV Plurimédia	20	19	EM			NC
Société Alsacienne de Presse et d'Audiovisuelle	60	53	FC			NC
Société de Presse Investissement	100	91	FC			NC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura	100	100	FC			NC
Société d'Édition des hebdomadaires & périodiques locaux	100	100	FC	100	100	FC
Sofitliet	100	96	FC	49	49	EM
Top Est 88	100	46	FC			NC

* Method:
FC = full consolidation
PC = proportionate consolidation
EM = equity method
NC = not consolidated
MER = merged.

NOTE 4 - Cash, central banks

4.a - Loans and receivables due from credit institutions

	Dec. 31, 2011	Dec. 31, 2010
<i>Cash and amounts due from central banks</i>		
Due from central banks	4,920	6,001
including reserve requirements	1,364	1,255
Cash	510	542
Total	5,430	6,543
<i>Loans and receivables due from credit institutions</i>		
Crédit Mutuel network accounts ⁽¹⁾	3,114	2,401
Other current accounts	1,974	5,156
Loans	54,280	49,532
Other receivables	532	688
Securities not listed in an active market	3,672	4,681
Repurchase agreements	1,141	1,742
Individually impaired receivables	1,099	1,267
Accrued interest	553	297
Impairment provisions	-310	-350
Total	66,055	65,415

(1) mainly outstanding repayments - CDC (Caisse des Dépôts et Consignations) relating to LEP, LDD and Livret bleu passbook savings accounts)

4b - Amounts due to credit institutions

	December 31, 2011	December 31, 2010
Due to central banks	282	44
Due to credit institutions		
Other current accounts	16,400	15,841
Borrowings	27,463	17,862
Other	2,597	369
Repurchase agreements	2,573	4,052
Accrued interest	81	69
Total	49,397	38,237

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

5a - Financial assets at fair value through profit or loss

	December 31, 2011			December 31, 2010		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
. Securities	13,860	13,381	27,241	15,931	13,128	29,059
- Government securities	1,409	24	1,433	2,766	30	2,796
- Bonds and other fixed-income securities	11,977	2,875	14,852	11,994	3,446	15,440
. Listed	11,977	2,786	14,763	11,994	3,399	15,393
. Unlisted	0	88	88	0	48	48
- Equities and other variable-income securities	473	10,483	10,956	1,171	9,652	10,823
. Listed	473	8,774	9,247	1,171	8,095	9,266
. Unlisted	0	1,709	1,709	0	1,557	1,557
. Trading derivative instruments	2,534	0	2,534	2,612	0	2,612
. Other financial assets		7,100	7,100		8,448	8,448
including resale agreements		7,096	7,096		8,448	8,448
TOTAL	16,394	20,481	36,875	18,543	21,577	40,120

5b - Financial liabilities at fair value through profit or loss

	December 31, 2011	December 31, 2010
Financial liabilities held for trading	6,676	7,305
Financial liabilities at fair value by option through profit or loss	24,252	26,889
TOTAL	30,928	34,194

Own credit risk is insignificant

Financial liabilities held for trading

	December 31, 2011	December 31, 2010
. Short selling of securities	1,087	1,864
- Government securities	0	1
- Bonds and other fixed-income securities	641	1,315
- Equities and other variable-income securities	447	548
. Trading derivative instruments	4,786	4,680
. Other financial liabilities held for trading	802	760
TOTAL	6,676	7,305

Financial liabilities designated under the fair value option through profit or loss

	December 31, 2011			December 31, 2010		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
. Securities issued	60	60	0	473	472	1
. Interbank liabilities	23,577	23,564	13	25,265	25,259	6
. Due to customers	615	615	0	1,151	1,151	0
Total	24,252	24,239	13	26,889	26,882	7

5c - Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	61,516	1,406	1,452	64,374
- Government and similar securities - AFS	15,031	311	0	15,342
- Bonds and other fixed-income securities - AFS	40,970	1,064	567	42,601
- Equities and other variable-income securities - AFS	4,276	0	150	4,426
- Investments in non-consolidated companies and other LT investments - AFS	1,234	9	465	1,708
- Investments in associates - AFS	5	22	270	297
Held for trading / Fair value option (FVO)	21,527	12,246	2,756	36,875
- Government and similar securities - Held for trading	1,094	315	0	1,409
- Government and similar securities - FVO	24	0	0	24
- Bonds and other fixed-income securities - Held for trading	8,985	2,075	917	11,977
- Bonds and other fixed-income securities - FVO	2,464	407	4	2,875
- Equities and other variable-income securities - Held for trading	459	0	14	473
- Equities and other variable-income securities - FVO	8,466	346	1,671	10,483
- Loans and receivables due from credit institutions - FVO	0	2,792	0	2,792
- Loans and receivables due from customers - FVO	0	4,308	0	4,308
- Derivative instruments and other financial assets - Held for trading	35	2,349	150	2,534
Hedging derivative instruments	0	1,094	5	1,099
Total	83,043	15,092	4,213	102,348
Financial liabilities				
Held for trading / Fair value option (FVO)	1,929	28,942	57	30,928
- Due to credit institutions - FVO	0	23,577	0	23,577
- Due to customers - FVO	0	615	0	615
- Debt securities - FVO	0	60	0	60
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	1,929	4,690	57	6,676
Hedging derivative instruments	0	2,940	34	2,974
Total	1,929	31,882	91	33,902

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:

- Level 1 instruments: valued using stock market prices. In the case of capital markets activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.
- Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital markets activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in Level 3.
- Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

Outstanding amounts relating to Greek sovereign debt and designated as level 1 as of December 31, 2010 were transferred to level 2 as of December 31, 2011, as a result of revising the market value of a liquidity factor used for valuation.

Level 3 details	Opening bal.	Purchases	Sales	Gains and losses recognized in profit	Other movements	Closing bal.
- Equities and other variable-income securities - FVO	1,569	429	-383	40	16	1,671

NOTE 6 - Hedging

6a - Hedging derivative instruments

	December 31, 2011		December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	5	44	4	45
. Fair value hedges (change in value recognized through profit or loss)	1,094	2,930	130	2,412
TOTAL	1,099	2,974	134	2,457

6b - Remeasurement adjustment on interest-rate risk hedged investments

	Fair value	Fair value	Change in fair
	Dec. 31, 2011	Dec. 31, 2010	value
Fair value of interest-rate by investment category			
. financial assets	738	580	158
. financial liabilities	-1,664	-1,331	-333

6c - Analysis of derivative instruments

	December 31, 2011			December 31, 2010		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
<i>Interest-rate derivative instruments</i>						
Swaps	365,377	1,540	3,987	381,936	1,724	3,650
Other forward contracts	8,394	4	1	10,704	4	0
Options and conditional transactions	32,490	116	121	48,423	213	258
<i>Foreign exchange derivative instruments</i>						
Swaps	84,374	41	77	114,540	39	85
Other forward contracts	17,422	172	116	15,737	121	101
Options and conditional transactions	17,493	195	195	15,865	169	169
<i>Derivative instruments other than interest-rate and foreign exchange</i>						
Swaps	16,567	372	242	22,289	286	347
Other forward contracts	1,951	0	0	3,598	0	0
Options and conditional transactions	788	95	48	1,624	56	70
Sub-total	544,856	2,534	4,786	614,714	2,612	4,680
Hedging derivative instruments						
<i>Fair value hedges</i>						
Swaps	83,927	1,094	2,930	77,370	129	2,412
Other forward contracts	0	0	0	0	0	0
Options and conditional transactions	1	0	0	2	1	0
<i>Cash flow hedges</i>						
Swaps	157	4	39	0	2	45
Other forward contracts	0	0	4	0	0	0
Options and conditional transactions	0	1	0	0	2	0
Sub-total	84,085	1,099	2,974	77,372	134	2,457
Total	628,941	3,634	7,760	692,086	2,745	7,137

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2011	Dec. 31, 2010
. Government securities	15,144	13,790
. Bonds and other fixed-income securities	42,478	46,547
- Listed	41,746	46,075
- Unlisted	732	472
. Equities and other variable-income securities	4,438	5,059
- Listed	4,335	4,971
- Unlisted	104	88
. Long-term investments	1,988	2,328
- Investments in non-consolidated companies	1,463	1,582
- Other long-term investments	242	375
- Investments in associates	280	371
- Securities lent	3	0
. Accrued interest	326	316
TOTAL	64,374	68,041
<i>Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity</i>	-1,329	-673
<i>Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity</i>	296	375
<i>Including impairment of bonds and other fixed-income securities</i>	-684	-82
<i>Including impairment of equities and other variable-income securities and long-term investments</i>	-1,996	-1,540

7b - List of major investments in non-consolidated companies

	Percent interest	Equity	Total assets	NBI or revenue	Net income	
Crédit logement	Unlisted	< 5%	1,452	9,477	181	87
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 20%	208	42,846	2	0
Foncière des Régions	Listed	< 5%	6,028	14,701	751	871
Banco Popular Spain	Listed	< 5%	8,252	130,140	3,462	604
Veolia Environnement	Listed	< 5%	10,895	51,511	34,787	872

The figures above (excluding the percentage of interest) relate to 2010

7c - Exposure to sovereign risk

For several years now, Greece has been experiencing a crisis of confidence that made it impossible for the country to raise funds in the financial markets in order to balance its budget. In May 2010, the IMF and the eurozone countries approved a first-aid package of 110 billion euros, which was followed in July 2011 by a second package totaling nearly 160 billion euros. The latter included a Greek bond swap program, which was accessible to private investors on a voluntary basis (Private Sector Involvement). This mechanism has two purposes: to reduce the amount of Greece's debt and extend its maturity in order to bring the debt in line with the country's economic situation. Consequently, as at the June 30 interim reporting date, the Group recognized impairment losses on Greek sovereign securities that were maintained as at December 31, 2011, as the situation was still unstable. The impairment was reflected in the financial statements by the recognition in income, under the item "Net additions to/reversals from provisions for loan losses", of unrealized losses on securities classified as available for sale.

The Group's Greek sovereign securities are classified either as held for trading or as available for sale and are stated at their fair value, which is established from observed market prices adjusted for issue-specific liquidity factors.

The financial conditions of the debt swap plan were set on February 21, 2012. They include a discount of 53.5%; the exchange of securities currently held by investors for securities issued by the Greek government for 31.5% of the nominal amount, with maturities ranging from 11 to 30 years and a weighted average interest rate of 3.65%, supplemented by other securities of the same nominal amount (amortizable over the period) giving investors the right to a coupon if the country's GDP growth rate exceeds certain thresholds; as well as short-term securities issued by the European Financial Stability Facility and amounting to 15% of the nominal amount.

Ireland and Portugal also benefited from aid packages from the European Union and the IMF when the deterioration in their public finances no longer allowed them to raise the funds they needed because the markets lacked confidence. At this time, the projected recovery of the debt of these two countries does not appear to be compromised and therefore does not warrant recognition of impairment.

Exposure to Greek sovereign risk

<i>Net outstandings at December 31, 2011*</i>	Banking	Insurance	Total
Financial assets at fair value through profit or loss	22		22
Available-for-sale financial assets	171	11	182
Held-to-maturity financial assets		1	1
TOTAL	193	13	206
Net banking income			-58
Net additions to /reversals from provisions for loan losses			-451
Total before tax			-509
Total after tax			-330

* Amounts are shown net of any insurance policyholder profit-sharing portion.

Other countries benefiting from aid packages

<i>Net exposure at December 31, 2011*</i>	Portugal	Ireland
Financial assets at fair value through profit or loss	50	
Available-for-sale financial assets	104	99
Held-to-maturity financial assets		
TOTAL	154	99

* Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.

<i>Residual contractual maturity</i>	Portugal	Ireland
< 1 year	39	
1 to 3 years	20	
3 to 5 years	29	
5 to 10 years	59	94
> 10 years	7	5
Total	154	99

Other sovereign risk exposures in the banking portfolio

<i>Net exposure at December 31, 2011</i>	Spain	Italy
Financial assets at fair value through profit or loss	131	99
Available-for-sale financial assets	130	4,396
Held-to-maturity financial assets		
TOTAL	261	4,495
<i>Residual contractual maturity</i>	Spain	Italy
< 1 year	66	1,266
1 to 3 years	28	2,076
3 to 5 years	69	375
5 to 10 years	17	545
> 10 years	81	233
Total	261	4,495

NOTE 8 - Customers

Loans and receivables due from customers

	Dec. 31, 2011	Dec. 31, 2010
Performing loans	154,058	148,292
. Commercial loans	5,081	4,307
. Other customer loans	148,263	143,222
- Home loans	63,311	61,298
- Other loans and receivables, including resale agreements	84,952	81,923
. Accrued interest	343	346
. Securities not listed in an active market	371	417
Insurance and reinsurance receivables	169	174
Individually impaired receivables	9,101	9,454
Gross receivables	163,327	157,920
Individual impairment	-5,906	-6,095
Collective impairment	-437	-341
Sub-total I	156,985	151,483
Finance leases (net investment)	8,515	8,188
. Furniture and movable equipment	5,315	5,263
. Real estate	3,019	2,748
. Individually impaired receivables	181	177
Provisions for impairment	-142	-130
Sub-total II	8,373	8,059
TOTAL	165,358	159,542
<i>of which non-voting loan stock</i>	9	28
<i>of which subordinated notes</i>	12	12

Finance leases with customers

	Dec. 31, 2010	Acquisition	Sale	Other	Dec. 31, 2011
Gross carrying amount	8,188	1,745	-1,436	18	8,515
Impairment of irrecoverable rent	-130	-43	31	0	-142
Net carrying amount	8,059	1,702	-1,405	17	8,373

Analysis of future minimum lease payments receivable under finance leases, by residual term

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Future minimum lease payments receivable	2,736	4,507	1,708	8,951
Present value of future minimum lease payments receivable	2,560	4,300	1,694	8,554
Unearned finance income	176	207	14	397

8b - Amounts due to customers

	Dec. 31, 2011	Dec. 31, 2010
. Regulated savings accounts	35,183	30,371
- demand	26,217	20,328
- term	8,967	10,043
. Accrued interest on savings accounts	5	13
Sub-total	35,188	30,384
. Demand deposits	44,367	44,606
. Term accounts and loans	45,921	39,844
. Repurchase agreements	151	684
. Accrued interest	438	751
. Insurance and reinsurance payables	81	56
Sub-total	90,958	85,941
TOTAL	126,146	116,325

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2011	Dec. 31, 2010
. Securities	14,442	8,935
- Government securities	84	0
- Bonds and other fixed-income securities	14,357	8,935
. Listed	9,436	8,906
. Unlisted	4,921	30
. Accrued interest	13	2
GROSS TOTAL	14,454	8,938
<i>of which impaired assets</i>	109	25
Provisions for impairment	-78	-12
NET TOTAL	14,377	8,926

NOTE 10 - Movements in provisions for impairment

	Dec. 31, 2010	Additions	Reversals	Other	Dec. 31, 2011
Loans and receivables due from credit institutions	-350	-3	51	-8	-310
Loans and receivables due from customers	-6,566	-1,414	1,518	-23	-6,485
Available-for-sale securities	-1,623	-1,047	18	-28	-2,680
Held-to-maturity securities	-12	-66	0	0	-78
Total	-8,550	-2,530	1,587	-60	-9,553

At December 31, 2011, provisions for loans and receivables due from customers amounted to €6,485 million (compared to €6,566 million at the end of 2010), of which collective provisions totaled €436 million. Individual provisions essentially relate to overdrawn current accounts, for €745 million (compared to €790 million at the end of 2010), and to provisions for commercial and other loans (including home loans) for €5,160 million (compared to €5,305 million at

NOTE 11 - Reclassifications of financial instruments

In application of new accounting regulations and in the extraordinary circumstances of a completely disrupted market, on July 1, 2008 the Group reclassified €18.8 billion of investments from the trading securities portfolio into AFS (€16.1 billion) investments and Loans and receivables (€2.7 billion), as well as €6.5 billion of AFS investments into Loans and receivables (€5.9 billion) and HTM investments (€0.6 billion). No other reclassification has occurred since that date.

	December 31, 2011		December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans & receivables portfolio	4,539	4,235	5,582	5,294
AFS portfolio	7,413	7,414	9,284	9,284

	December 31, 2011	December 31, 2010
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	-184	140
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	47	-139
Gains (losses) on reclassified assets, recognized in income (NBI and Net additions to/reversals of provisions for loan losses)	-8	20

NOTE 12 - Exposures affected by the financial crisis

The exposures affected by the financial crisis are presented below. The portfolios are carried at market value established on the basis of external inputs obtained from regulated markets, major brokers or, where no price was available, on the basis of comparable listed securities.

Summary	Carrying amount	Carrying amount
	Dec. 31, 2011	Dec. 31, 2010
RMBS	3,985	5,579
CMBS	366	458
CLO	1,543	1,887
Other ABS	897	849
CLO covered by CDS	721	833
Other ABS covered by CDS	28	49
Liquidity facilities	351	334
TOTAL	7,890	9,989

Unless otherwise stated, securities are not covered by CDS.

Exposures at December 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,399
Loans	1,845	0	1325	304	3,474
TOTAL	3,985	366	1,543	897	6,791
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
USA	1,795	320	828	121	3,064
Rest of the world	151	13	0	21	186
TOTAL	3,985	366	1,543	897	6,791
US agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,001
AA	187	30	737	107	1,062
A	242	23	51	98	413
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
TOTAL	3,985	366	1,543	897	6,791

Exposures at December 31, 2010	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,819	306	23	343	2,491
AFS	1,835	147	29	287	2,298
Loans	1,925	5	1835	219	3,984
TOTAL	5,579	458	1,887	849	8,773
France	14	1	0	407	422
Europe, excluding France	2,803	84	889	398	4,174
USA	2,366	291	998	0	3,655
Rest of the world	396	82	0	44	522
TOTAL	5,579	458	1,887	849	8,773
US Agencies	1,075	0	0	0	1,075
AAA	2,984	346	1,070	601	5,001
AA	322	92	600	78	1,092
A	69	20	179	7	275
BBB	71	0	26	150	247
BB	43	0	12	13	68
B or below	1,015	0	0	0	1,015
Not rated	0	0	0	0	0
TOTAL	5,579	458	1,887	849	8,773

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2011	Dec. 31, 2010
Asset (by income)	907	697
Liability (by income)	387	395

13b - Deferred income tax

	Dec. 31, 2011	Dec. 31, 2010
Asset (by income)	673	732
Asset (by shareholders' equity)	805	436
Liability (by income)	586	643
Liability (by shareholders' equity)	185	207

Breakdown of deferred income tax by major categories

	December 31, 2011		December 31, 2010	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
- Deferred gains (losses) on available-for-sale securities	805	185	436	207
- Impairment provisions	437		452	
- Unrealized finance lease reserve		136		112
- Earnings of fiscally transparent (pass-through) companies		4		4
- Remeasurement of financial instruments	860	161	603	286
- Accrued expenses and accrued income	114	952	52	616
- Tax losses ⁽¹⁾⁽²⁾	123		244	
- Insurance activities	31	192	36	209
- Other timing differences	52	84	0	71
- Netting	-944	-944	-655	-655
Total deferred tax assets and liabilities	1,478	771	1,168	850

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 36.10% (i.e., the standard tax rate).

(1) of which USA tax losses: €122 million in 2011 and €176 million in 2010.

(2) Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

NOTE 14 - Accruals, other assets and other liabilities

Accruals and other assets

	Dec. 31, 2011	Dec. 31, 2010
Accruals - assets		
Collection accounts	317	346
Currency adjustment accounts	334	13
Accrued income	438	426
Other accruals	1,468	2,068
Sub-total	2,557	2,854
Other assets		
Securities settlement accounts	110	92
Guarantee deposits paid	7,645	6,154
Miscellaneous receivables	5,209	5,262
Inventories	14	11
Other	-2	11
Sub-total	12,978	11,530
Other insurance assets		
Technical provisions - reinsurers' share	255	260
Other	81	79
Sub-total	335	339
Total	15,870	14,723

14b - Accruals and other liabilities

	Dec. 31, 2011	Dec. 31, 2010
Accrual accounts - liabilities		
Accounts unavailable due to collection procedures	452	463
Currency adjustment accounts	349	275
Accrued expenses	551	635
Deferred income	670	649
Other accruals	1,743	5,691
Sub-total	3,764	7,713
Other liabilities		
Securities settlement accounts	83	74
Outstanding amounts payable on securities	53	70
Other payables	3,546	2,409
Sub-total	3,682	2,553
Other insurance liabilities		
Deposits and guarantees received	150	163
Sub-total	150	163
Total	7,596	10,429

Note 15 - Equity-accounted investments

Equity value and share of net income (loss)

	Dec. 31, 2011			Dec. 31, 2010		
	Percent interest	Investment value	Share of net income (loss)	Percent interest	Investment value	Share of net income (loss)
ACM Nord	49.00%	19	3	49.00%	17	1
ASTREE Assurance	30.00%	18	-1	30.00%	21	3
Banca Popolare di Milano ⁽¹⁾	6.87%	191	-31	4.84%	170	1
Banque de Tunisie	20.00%	52	6	20.00%	49	7
Banque Marocaine du Commerce Extérieur	24.64%	831	21	24.64%	833	15
CMCP		5	0		5	0
Euro Information	26.36%	206	13	26.36%	191	12
RMA Watanya	22.02%	298	16	22.02%	210	8
Royal Automobile Club de Catalogne	48.99%	62	-13	48.99%	77	-14
SCI Treflière	46.09%	11	1	46.09%	12	1
Other		3	0		4	1
TOTAL		1,698	15		1,589	35

(1) Goodwill relating to BPM (€41 million) was written off in full during 2011.

Financial data published by the major equity-accounted entities

	Total assets	NBI or revenues	Net income
ACM Nord	149	125	8
ASTREE Insurance ⁽¹⁾⁽²⁾	277	91	16
Banca Popolare di Milano ⁽¹⁾	54,053	322	111
Banque de Tunisie ⁽¹⁾⁽²⁾	3,142	148	56
Banque Marocaine du Commerce Extérieur ⁽¹⁾⁽²⁾	187,187	7,552	1,426
Euro Information	717	731	71
RMA Watanya ⁽¹⁾⁽³⁾	222,247	4,448	2,240
Royal Automobile Club de Catalogne	101	130	8

(1) 2010 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams

Banca Popolare di Milano S.C.a.r.l. or "BPM"

During the first half of 2011, the Banca Popolare di Milano was asked by the regulatory authority, the Bank of Italy, to strengthen its capital. In response, BPM carried out a capital increase during the last quarter of 2011 at a new share price of 30 euro cents, to which the Group subscribed in proportion to its interest. This was followed, on December 29, by the early redemption in shares of convertible bonds issued in 2009.

After these two transactions, the total number of shares issued by BPM is 3,229,621,379 and the number of shares held by the Group is 222 million, representing a 6.87% equity interest as at December 31, 2011. At January 1, 2011, the Group's interest in BPM was 4.84%. The increase in the percentage of interest was due to the larger proportion of convertible bonds over shares held by the Group.

The investment in BPM is accounted for using the equity method, as the CM10-CIC Group, which retains its position as a strategic partner to BPM's Board of Directors and is also a member of its Executive Committee and the Finance Committee, is deemed to exercise significant influence over the entity. The investment's carrying amount must therefore reflect the Group's share of BPM's net assets (IFRS), up to the value in use. This value was determined using the dividend discount method (DDM), which involves discounting over a long period of time future distributable profits, obtained from estimated earnings less the regulatory reserve needed for compliance with solvency ratio requirements.

The estimated earnings used were those presented in the October 28, 2011 stock offering prospectus (the latest data available). The discount rate was determined using the long-term, risk-free interest rate plus a risk premium taking into account the volatility of the BPM shares. The resulting value in use was 85 euro cents per BPM share. An analysis of sensitivity to key parameters used by the model, in particular the discount rate, shows that a 100 basis point increase in the discount rate would reduce the value in use by 13%.

Based on this valuation, the carrying amount of the equity-accounted investment reported in the financial statements was €191 million (net of any impairment losses). As a reminder, at December 31, 2011 the BPM closing price on the Milan stock exchange was 31 euro cents and at February 23, 2012 the opening price was 50 euro cents. The stock market value of the Group's interest in BPM was €69 million at December 31, 2011 and €111 million at February 23, 2012. As at September 30, 2011, BPM's total assets reported in the consolidated financial statements (IFRS) stood at €51,927 million and shareholders' equity amounted to €3,795 million, including net income for the first nine months of 2011 of €49 million.

On October 4, 2011, the Group sold its entire interest (6.49%) in Banca di Legnano DpA to BPM. After this transaction, BPM fully owned this subsidiary and subsequently merged it on February 11, 2012 with another subsidiary, Cassa di Risparmio di Alessandria SpA.

During 2011, the Group recognized in income, in addition to its €2 million share of BPM's net income for the year, the loss arising from the redemption of convertible bonds, the accretion effect of the increase in the percentage of its equity interest, the resulting impairment of the investment's value in use and the result of the disposal of Banca di Legnano shares, namely a loss of €73 million. Of this amount, -€42 million was recorded in NBI and -€31 million in "Share of net income (loss) of affiliates".

NOTE 16 - Investment Property

	Dec. 31, 2010	Additions	Disposals	Other movements	Dec. 31, 2011
Historical cost	948	113	-11	-1	1,050
Accumulated depreciation and impairment losses	-158	-23	1	0	-181
Net amount	791	90	-10	-2	869

The fair value of investment property carried at amortized cost was €1,187 million at December 31, 2011

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2010	Additions	Disposals	Other movements	Dec. 31, 2011
Historical cost					
Land used in operations	370	1	-2	13	382
Buildings used in operations	2,513	108	-32	93	2,680
Other property and equipment	1,221	68	-78	39	1,250
Total	4,103	177	-112	145	4,313
Accumulated depreciation and impairment losses					
Land used in operations	-1	0	0	-2	-3
Buildings used in operations	-1,293	-128	28	-37	-1,430
Other property and equipment	-844	-64	59	-60	-909
Total	-2,138	-192	87	-99	-2,342
Net amount	1,965	-15	-26	46	1,971
Total	0	0	0	0	0

17 b - Intangible assets

	Dec. 31, 2010	Additions	Disposals	Other movements	Dec. 31, 2011
Historical cost					
. Internally developed intangible assets	14	1	-1	0	15
. Purchased intangible assets	1,245	45	-30	65	1,325
- software	463	22	-10	2	476
- other	782	23	-20	64	849
Total	1,260	46	-31	65	1,341
Accumulated depreciation and impairment losses					
. Purchased intangible assets	-325	-127	16	-2	-439
- software	-192	-64	8	0	-248
- other	-132	-63	7	-2	-190
Total	-325	-127	16	-2	-439
Net amount	935	-81	-15	63	902

NOTE 18 - Goodwill

	Dec. 31, 2010	Acquisitions	Disposals	Other movements	Dec. 31, 2011
Goodwill, gross	4,265	120		0	4,385
Accumulated impairment losses	-169	0	-4	-9	-182
Goodwill, net	4,096	120	-4	-9	4,203

Subsidiaries	Goodwill at Dec. 31, 2010	Acquisitions	Disposals	Impairment charges / reversals	Goodwill at December 31, 2011
Targobank Germany	2,757	5			2,763
Crédit Industriel et Commercial (CIC)	506				506
Cofidis Participations	378				378
Targobank Spain (former Banco Popular Hipotecario)	183				183
CIC Private Banking - Banque Pasche	52	1.2			53
Bank Casino ^(a)	0	27			27
CM-CIC Investissement	21				21
Monabanq	17				17
CIC Iberbanco	15				15
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
Transatlantique Gestion	5				5
Other ^(b)	143	86	-4	-9	216
TOTAL	4,096	120	-4	-9	4,204

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:
- verifying that the price used for the most recent transaction is above the carrying amount, or
- verifying that the valuation assumptions at the acquisition date are still valid.

(a) Consolidated for the first time in 2011

(b) Including Est Républicain, consolidated for the first time in 2011

NOTE 19 - Debt securities

	Dec. 31, 2011	Dec. 31, 2010
Retail certificates of deposit	101	84
Interbank instruments and money market securities	46,584	63,206
Bonds	38,871	30,688
Accrued interest	1,117	668
TOTAL	86,673	94,646

NOTE 20 - Insurance companies' technical provisions

	Dec. 31, 2011	Dec. 31, 2010
Life	47,709	46,655
Non-life	2,083	2,015
Unit of account	5,916	6,579
Other	199	193
TOTAL	55,907	55,442
Of which deferred profit-sharing - liability	1,424	2,623
Deferred profit-sharing - asset	0	0
Reinsurers' share of technical reserves	255	260
TOTAL - Net technical provisions	55,652	55,182

NOTE 21 - Provisions

	Dec. 31, 2010	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2011
Provisions for risks	440	62	-83	-60	-5	354
Signature commitments	137	40	-9	-42	0	126
Financing and guarantee commitments	1	0	-1	0	0	0
On country risks	20	0	-2	0	0	18
Provision for taxes	119	6	-56	0	-4	65
Provisions for claims and litigation	132	13	-5	-15	-2	123
Provision for risks on miscellaneous receivables	30	3	-10	-3	2	22
Other provisions	772	114	-114	-112	-26	635
Provisions for home savings accounts and plans	62	0	-5	-15	1	43
Provisions for miscellaneous contingencies	432	48	-97	-72	3	314
Other provisions	279	66	-12	-25	-30	278
Provisions for retirement benefits⁽¹⁾	208	61	-17	-7	132	376
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses ⁽²⁾	99	48	-12	-1	127	261
Supplementary retirement benefits	66	10	-4	-3	-1	68
Long service awards (other long-term benefits)	30	2	-1	-1	6	36
Sub-total to statement of financial position	194	61	-17	-5	131	365
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls ⁽³⁾	13	0	0	-2	-2	11
Fair value of plan assets						
Sub-total to statement of financial position	13	0	0	-2	-2	11
Total	1,420	237	-214	-179	101	1,365

Assumptions	2011	2010
Discount rate ⁽⁴⁾	4.7%	4.0%
Annual increase in salaries ⁽⁵⁾	Minimum 1.8%	Minimum 1.5%

Movements in provision for retirement bonuses

	Dec. 31, 2010	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Insurance premiums	Other	Dec. 31, 2011
Commitments	285	8		20	4	15	-26		10	317
Amortization	-64				11					-53
Insurance contract	2		0		0	0	0	0	1	3
Provisions	219	8	0	20	15	15	-26	0	9	261

(1) Employee-related liability amounts as at December 31, 2010 which were covered by insurance contracts within the Group were reclassified from "Insurance technical provisions" to "Provisions".

(2) For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CMS-CIC Group).

(3) The provision for pension fund shortfalls only covers for foreign entities.

(4) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the IBOXX index.

(5) The annual increase in salaries is the estimate of cumulative future salary inflation. Since 2010, it is also based on the age of the employees.

Provisions for home savings accounts and plans signature risk

	Dec. 31, 2011	Dec. 31, 2010
Home savings plan outstandings		
Seniority under 10 years	3,848	3,540
Seniority over 10 years	2,103	2,245
Total	5,951	5,785
Savings account outstandings	642	789
Total home savings accounts and plans	6,593	6,573

	Dec. 31, 2011	Dec. 31, 2010
Home savings loans		
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	206	241

Provisions for home savings accounts and plans	Opening balance	Net additions/reversals	Other movements	Closing balance
On home savings accounts	14	1		15
On home savings plans	40	-18		22
On home savings loans	8	-2		6
Total	62	-19		43
Analysis of provisions on home savings plans by seniority				
Seniority under 10 years	28	-16		12
Seniority over 10 years	12	-2		10
Total	40	-18		22

Home savings accounts (*comptes épargne logement, CEL*) and home savings plans (*plans épargne logement, PEL*) are French regulated savings products, allowing individual customers to invest over time in an interest bearing account giving subsequent entitlement to a home loan. These products place a twofold commitment on the distributor:
- a commitment to provide a return to depositors on amounts invested: fixed-rate for PEL and variable-rate (periodically reviewed based on benchmark indexes) for CEL.
- a commitment to lend to those customers on demand, on predetermined terms (for both CEL and PEL).
The commitments have been estimated on the basis of customer statistical behavior and market inputs.

A provision is established in the liabilities section of the statement of financial position to cover potential future costs arising from unfavorable conditions relating to these products, on the basis of interest rates offered to individual customers by similar, non-regulated products. This approach is based on homogeneous generations of regulated terms for PEL. The impact on income is recognized as "interest due to customers".

The decrease in the provisions for risks at December 31, 2011 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

NOTE 22 - SUBORDINATED DEBT

	Dec. 31, 2011	Dec. 31, 2010
Subordinated notes		
Non-voting loan stock	39	54
Perpetual subordinated notes	2,863	3,096
Other debt	19	130
Accrued interest	99	97
TOTAL	8,025	8,619

Main subordinated debt issues

(in € millions)	Type	Issue date	Amount issued	Amount at Dec. 31, 2011 ⁽¹⁾	Rate	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	July 19, 2001	€700m	€700m	6.50	July 19, 2013
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 6, 2011	€1000m	€1000m	5.30	Dec. 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated note	Oct. 22, 2010	€1000m	€1000m	4.00	Oct. 22, 2020
CIC	Non-voting loan stock	May 28, 1985	€137m	€21m	(2)	(3)
CIC	Perpetual subordinated note	June 30, 2006	€200m	€200m	(4)	No fixed maturity
CIC	Perpetual subordinated note	June 30, 2006	€550m	€550m	(5)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Loan	Dec. 28, 2005	€500m	€500m	(6)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Dec. 15, 2004	€750m	€750m	(7)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Feb. 25, 2005	€250m	€250m	(8)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	April 28, 2005	€600m	€393m	(9)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Oct. 17, 2008	€147m	€147m	(10)	No fixed maturity

(1) Amounts net of intra-Group balances

(2) Minimum 85% (TAM-TMO)/2 Maximum 130% (TAM-TMO)/2

(3) Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years

(4) 6-month Euribor + 167 basis points

(5) 6-month Euribor + 107 basis points for the first 10 years and + 207 basis points for subsequent years, unless redeemed

(6) 1-year Euribor + 0.3 basis points

(7) 10-year CMS/ISDA CIC + 10 basis points

(8) 10-year CMS/ISDA + 10 basis points

(9) Fixed-rate 4.471 until October 10, 2015 and thereafter 3-month Euribor + 185 basis points

(10) 3-month Euribor + 665 basis points

NOTE 23 - Shareholders' equity

23a - Shareholders' equity - Group share (excluding unrealized or deferred gains or losses)

	Dec. 31, 2011	Dec. 31, 2010
Capital stock and additional paid-in capital and reserves		
- Capital	2,061	1,880
- Premium relating to issue, transfer, merger, split, conversion	1,325	1,302
- Consolidated reserves	736	578
- Regulated reserves	8,824	7,508
- Translation reserve	7	7
- Other reserves (including effects related to first application of standards)	20	6
- Retained earnings	8,799	7,499
- Retained earnings	-3	-3
- Net income	817	1,405
TOTAL	11,701	10,793

23b - Unrealized or deferred gains and losses

	Dec. 31 2011	Dec. 31 2010
<i>Unrealized or deferred gains and losses* relating to:</i>		
Available-for-sale financial assets		
- equities	296	375
- bonds	-1,329	-673
. Cash flow hedges	-105	-89
. Share of unrealized or deferred gains and losses of associates	16	29
TOTAL	-1,122	-358
<i>Attributable to the Group</i>	<i>-1,078</i>	<i>-363</i>
<i>Non-controlling interests</i>	<i>-44</i>	<i>5</i>

* Net of tax

23c - Recycling of gains and losses recognized directly in equity

	Movements 2011	Movements 2010
<i>Translation adjustments</i>		
Other movements	-5	0
Sub-total	-5	0
<i>Remeasurement of available-for-sale financial assets</i>		
Reclassification in income	216	-104
Other movements	-946	-196
Sub-total	-730	-300
<i>Remeasurement of hedging derivative instruments</i>		
Reclassification in income	0	0
Other movements	-16	-45
Sub-total	-16	-45
Share of unrealized or deferred gains and losses of associates	-13	21
TOTAL	-764	-324

23d - Tax on components of gains and losses recognized directly in equity

	Changes 2011			Changes 2010		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	-5	0	-5	0	0	0
Remeasurement of available-for-sale financial assets	-1,092	361	-730	-350	50	-300
Remeasurement of hedging derivative instruments	-19	2	-16	-46	0	-45
Share of unrealized or deferred gains and losses of associates	-13	0	-13	21	0	21
Total gains and losses recognized directly in shareholders' equity	-1,128	364	-764	-375	50	-324

NOTE 24 - Commitments given and received

	Dec. 31, 2011	Dec. 31, 2010
Commitments given		
<i>Financing commitments</i>		
To credit institutions	1,622	1,720
To customers	40,578	41,047
<i>Guarantee commitments</i>		
To credit institutions	2,257	5,061
To customers	13,188	9,035
<i>Commitments on securities</i>		
Other commitments given	429	879
<i>Commitments given by Insurance business line</i>		
	285	291
Commitments received		
<i>Financing commitments</i>		
From credit institutions	20,665	22,810
<i>Guarantee commitments</i>		
From credit institutions	28,589	27,679
From customers	5,669	4,826
<i>Commitments received on securities</i>		
Other commitments received	20	588
<i>Commitments received by Insurance business line</i>		
	6,735	7,750
Assets pledged as collateral for liabilities		
<i>Loaned securities</i>		
	5	0
<i>Security deposits on market transactions</i>		
	7,645	6,154
<i>Securities sold under repurchase agreements</i>		
	26,645	30,211
Total	34,295	36,364

NOTE 25 - Interest income, interest expense and equivalent

	Dec. 31, 2011		Dec 31, 2010	
	Income	Expense	Income	Expense
. Credit institutions and central banks	1,854	-1,406	2,961	-2,287
. Customers	9,833	-4,359	9,463	-3,845
- of which finance leases and operating leases	2,683	-2,361	2,603	-2,284
. Hedging derivative instruments	2,193	-2,416	2,511	-3,094
. Available-for-sale financial assets	772		643	
. Held-to-maturity financial assets	192		170	
. Debt securities		-2,174		-1,584
. Subordinated debt		-113		-106
TOTAL	14,844	-10,468	15,748	-10,915

NOTE 26 - Fees and commissions

	Dec. 31, 2011		Dec. 31, 2011	
	Income	Expense	Income	Expense
Credit institutions	5	-4	15	-4
Customers	878	-11	876	-7
Securities	702	-87	744	-79
<i>Of which funds managed for third parties</i>	476		509	
Derivative instruments	4	-13	5	-20
Foreign Exchange	17	-3	19	-4
Financing and guarantee commitments	27	-6	28	-10
Services provided	1,200	-718	1,411	-719
TOTAL	2,833	-841	3,098	-843

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2011	Dec. 31, 2010
Trading derivative instruments	127	-149
Instruments designated under the fair value option ⁽¹⁾	-124	115
Ineffective portion of hedging instruments	-31	56
. Cash flow hedges	0	2
. Fair value hedges	-31	54
. Change in fair value of hedged items	-20	-388
. Change in fair value of hedging items	-12	442
Foreign exchange gains (losses)	52	55
Total changes in fair value	24	77

(1) of which €98 million relating to the Private Equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	December 31, 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		15	0	15
. Equities and other variable-income securities	9	15	-40	-15
. Long-term investments	68	30	-103	-5
. Other	0	-81	0	-81
Total	77	-20	-143	-86

	December 31, 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		91	0	91
. Equities and other variable-income securities	7	12	-19	0
. Long-term investments	48	9	-27	29
. Other	0	2	0	2
Total	55	114	-46	123

NOTE 29 - Other income and expense

	Dec. 31, 2011	Dec. 31, 2010
<i>Income from other activities</i>		
. Insurance contracts	8,431	10,413
. Investment property	1	1
- gains on disposals	0	1
. Other income	851	834
Sub-total	9,344	11,248
<i>Expenses on other activities</i>		
. Insurance contracts	-7,304	-9,262
. Investment property	-21	-19
- net movements in depreciation, amortization and impairment (based on the accounting method selected)	-20	-18
- losses on disposals	-1	-1
Other expenses	-573	-774
Sub-total	-7,898	-10,056
Other income and expense, net	1,446	1,192

Net income from the Insurance business line

	Dec. 31, 2011	Dec. 31, 2010
Earned premiums	7,642	8,670
Claims and benefits expenses	-5,413	-4,739
Movements in provisions	-1,911	-4,546
Other technical and non-technical income and expense	68	75
Net investment income	741	1,691
Total	1,127	1,151

NOTE 30 - General operating expenses

	Dec. 31, 2011	Dec. 31, 2010
Payroll costs	-2,650	-2,596
Other operating expenses	-2,285	-2,315
TOTAL	-4,935	-4,911

30a - Payroll costs

	Dec. 31, 2011	Dec. 31, 2010
Salaries and wages	-1,730	-1,656
Social security contributions	-669	-647
Employee benefits	-7	-8
Incentive bonuses and profit-sharing	-94	-141
Payroll taxes	-148	-139
Other expenses	-3	-5
TOTAL	-2,650	-2,596

Number of employees

	Dec. 31, 2011	Dec. 31, 2010
<i>Average number of employees</i>		
Banking staff	26,294	24,489
Management	13,929	13,218
Total	40,223	37,707
<i>Analysis by country</i>		
France	29,789	27,733
Rest of the world	10,434	9,974
Total	40,223	37,707

Includes 275 employees of Targobank Spain and 91 employees of Banque Casino, consolidated using the proportional method.

	Dec. 31, 2011	Dec. 31, 2010
<i>Number of employees at end of period*</i>	42,901	40,403

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at December 31. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

30 b - Other operating expenses

	Dec. 31, 2011	Dec. 31, 2010
Taxes and duties	-205	-166
External services	-1,811	-1,862
Other miscellaneous expenses (transportation, travel, etc)	15	10
Total	-2,001	-2,017

30 c - Depreciation, amortization and impairment of property, equipment and intangible assets

	Dec. 31, 2011	Dec. 31, 2010
Depreciation and amortization	-284	-296
- property and equipment	-194	-197
- intangible assets	-90	-99
Impairment losses	0	-1
- property and equipment	0	-1
- intangible assets	0	-1
Total	-284	-298

NOTE 31 - Net additions to/reversals from provisions for loan losses

December 31, 2011	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-3	51	0	0	0	48
Customers	-1,346	1,383	-680	-359	106	-896
. Finance leases	-10	6	-3	-6	0	-13
. Other customer items	-1,336	1,377	-676	-353	106	-883
Sub-total	-1,349	1,434	-680	-359	106	-848
Held-to-maturity financial assets	-2	0	0	0	0	-2
Available-for-sale financial assets ⁽¹⁾	-461	1	-40	-50	44	-506
Other	-44	67	-2	0	0	20
Total	-1,856	1,502	-722	-409	150	-1,336

(1) Includes €451 million impairment losses on Greek sovereign debt (see Note 7c).

December 31, 2010	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-131	321	-116	-1	0	73
Customers	-1,530	1,317	-507	-535	63	-1,193
. Finance leases	-3	2	-2	-5	1	-6
. Other customer items	-1,527	1,315	-505	-530	61	-1,187
Sub-total	-1,661	1,638	-623	-536	63	-1,120
Held-to-maturity financial assets	-12	0	0	0	0	-12
Available-for-sale financial assets	0	1	-83	-38	0	-120
Other	-70	144	-37	0	1	37
Total	-1,742	1,783	-743	-574	63	-1,214

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2011	Dec. 31, 2010
Property, equipment and intangible assets	102	8
. Losses on disposals	-8	-9
. Gains on disposals	110	17
Gain (loss) on consolidated securities sold	0	0
TOTAL	102	8

NOTE 33 - Change in value of goodwill

	Dec. 31, 2011	Dec. 31, 2010
Impairment of goodwill	-9	-45
Negative goodwill recognized in income	0	0
TOTAL	-9	-45

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2011	Dec. 30, 2010
Current taxes	-479	-737
Deferred taxes	-79	114
Adjustments in respect of prior years	17	20
TOTAL	-541	-604

Reconciliation between the income tax expense recognized in the financial statements and the theoretical income tax expense

	Dec. 31, 2011	Dec. 31, 2010
Taxable income	1,575	2,320
Theoretical tax rate	36.10%	34.43%
Theoretical tax expense	-568	-799
Impact of specific SCR and SICOMI tax rules	18	56
Impact of changes in deferred tax rates	30	
Impact of the reduced rate on long-term capital gains	7	34
Impact of specific tax rates of foreign entities	7	-4
Other	-34	109
Income tax	-541	-604
Effective tax rate	34.32%	26.03%

NOTE 35 - Earnings per share

	2011	2010
Net income attributable to the Group	817	1,405
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,496,265	26,043,845
Weighted average number of shares	26,270,055	26,043,845
Basic earnings per share	31.10	53.93
Additional weighted average number of shares assuming full dilution	0	0
Diluted earnings per share	31.10	53.93

NOTE 36 - Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31, 2011. They are determined using discounted cash flows calculated based on a risk-free interest rate curve, to which is added, in the case of asset items, a credit spread computed at the CM10-CIC Group level and reviewed each year. The financial instruments included here are those associated with lending and borrowing. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this information. The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e. the carrying amount. Certain entities in the Group may also apply the assumption that the market value is the carrying amount, in the case of contracts with variable interest rate terms or contracts whose residual term is equal to or less than one year. We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferable or are not in practice traded before maturity. As such, no entries are made for related capital gains or losses. However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2011.

	Dec. 31, 2011		Dec. 31, 2010	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	66,055	66,015	65,415	64,995
Loans and receivables due from customers	165,358	166,832	159,542	160,813
Held-to-maturity financial assets	14,377	14,405	8,926	9,189
Liabilities				
Due to credit institutions	49,114	48,872	38,193	38,145
Due to customers	126,146	125,195	116,325	114,662
Debt securities	86,673	87,920	94,646	94,320
Subordinated debt	8,025	8,657	8,619	9,176

NOTE 37 - Related party transactions

Statement of financial position items relating to related party transactions

	Dec. 31, 2011				Dec. 31, 2010			
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM5 Group
Assets								
Loans, advances and securities								
Loans and receivables due from credit institutions	0	160	1,275	47,844	0	15	2,351	43,130
Loans and receivables due from customers	40	0	44	0	50	0	63	0
Securities	0	0	522	352	0	0	192	95
Other assets	0	0	0	0	3	0	0	0
Total	40	160	1,842	48,195	53	15	2,607	43,225
Liabilities								
Deposits								
Due to credit institutions	0	0	4,470	15,275	0	0	2,974	12,966
Due to customers	140	0	38	25	117	0	58	0
Debt securities	0	0	1,003	3	0	0	697	4
Other liabilities	32	0	174	1,250	65	0	304	1,250
Total	172	0	5,685	16,553	182	0	4,033	14,220
Financing and guarantee commitments								
Financing commitments given	0	102	0	0	0	0	0	0
Guarantee commitments given	0	0	0	2	0	0	0	0
Financing commitments received	0	0	0	0	0	0	25	0
Guarantee commitments received	0	0	226	564	0	0	333	265

Income statement items relating to related party transactions

	December 31, 2011				December 31, 2010			
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies - CM5 Group
Interest received	11	0	67	1,356	11	0	116	2,192
Interest paid	0	0	-129	-348	0	0	-63	-1,175
Fee and commissions received	8	0	0	24	6	0	0	32
Fee and commissions paid	-5	0	-7	-240	-4	0	-15	-243
Other income (expense)	1	1	-81	112	-4	0	-153	8
General operating expenses	-279	1	0	-35	-265	0	0	-26
Total	-264	1	-149	868	-255	0	-116	787

The Confédération Nationale included Caisse Centrale de Crédit Mutuel and Crédit Mutuel's regional federations not associated with the CM10-CIC Group. The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities. In the case of companies consolidated using the proportional method (Banque Casino et Tarobank Spain) the amounts include the portion of intercompany transactions not eliminated on consolidation.

Relationships with the Group's key management

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

These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site. Remuneration received by the BFCM Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. For each of these activities, remuneration includes a fixed and a variable portion. This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsibility. The variable portion is determined on a discretionary and lump sum basis. During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

The Group's officers and directors did not receive any other specific benefits. They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies or companies outside the Group but on whose board they sit as a result of their functions within the Group. The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees.

Total remuneration paid to key management Amounts in € thousands	Dec. 31, 2011	Dec. 31, 2010
	Total remuneration	Total remuneration
* Corporate officers - Management Committee - Board members who receive remuneration	5,334	5,736

* See also 3.2.2. of the section on Corporate Governance

In addition, at its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e., a commitment currently estimated at €770,000 (including social contributions). At its meeting of May 08, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e., a commitment currently estimated at €1,120,000 (including social contributions). In his capacity as a corporate officer, Mr. Fradin also benefits from a supplemental pension plan on the same terms and conditions offered to all other BFCM employees. 2011 contributions to the insurance company amounted to €11,407 and covered the entire commitment.

NOTE 38 - Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2011 were approved by the Board of Directors at its meeting of February 23, 2012.

NOTE 39 - Exposure to risk

The risk exposure information required by IFRS 7 is included in Section IV of the management report.

NOTE 40 - Statutory auditors' fees

(in € thousands of euros, excluding VAT)	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Statutory audit, certification and review of financial statements								
- BFCM	141	104	5%	3%	135	121	3%	2%
- Fully consolidated subsidiaries	2,634	2,706	86%	88%	3,625	2,888	77%	55%
Other assignments and services directly related to the statutory audit ⁽¹⁾								
- BFCM	200	40	7%	1%	250	25	5%	0%
- Fully consolidated subsidiaries	11	117	0%	4%	77	235	2%	4%
Sub-total	2,986	2,967	98%	97%	4,087	3,269	87%	63%
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and employee-related	0	0	0%	0%	0	315	0%	6%
- Other	74	99	2%	3%	630	1,631	13%	31%
Sub-total	74	99	2%	3%	630	1,946	13%	37%
Total	3,060	3,066	100%	100%	4,717	5,215	100%	100%

(1) Other assignments and services directly related to the statutory audit essentially consisted of assignments taken at the request of the supervisory authority to ensure compliance of the organization and its processes with regulatory requirements.

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to €6,272 thousand for the year 2011.

5.5 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the Group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Year ended December 31, 2011

Report of the Statutory Auditors on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December 31, 2011 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Credit Mutuel, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements at December 31, 2011 were made in an uncertain environment related to the public finance crisis in certain euro zone countries (and particularly Greece), combined with an economic crisis and a liquidity crisis, which makes an assessment of the economic outlook difficult. Against this backdrop, and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1 and 12 to the consolidated financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.
- In Note 7c, the Group details its exposure to sovereign risk, particularly Greek sovereign risk, along with the measurement and accounting procedures applied. We examined the control systems applicable to measurement of this exposure and to the estimate of credit risk, the accounting treatment used, and the appropriateness of the information provided in the above-mentioned note.
- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.
- The Group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates which led, where applicable, to impairment losses.
- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1, 8a, 10, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment.
- The Group recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13b to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.
- The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, April 19, 2012

French original signed by

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG et Autres

Jean-François Dandé

Isabelle Santenac

Chapter VI GENERAL AND LEGAL INFORMATION

6.1 Shareholders' Meetings of May 10, 2012

6.1.1 Extract of the Board of Directors' report to the Ordinary General Meeting of Shareholders of May 10, 2012

BFCM activities

BFCM provides several main business functions:

- *central refinancing for the CM11-CIC Group*
- *depository for undertakings for collective investments (UCIs) of the CM11-CIC Group*
- *financial relations with large corporates and local authorities in the areas of payments, credit and financial engineering*
- *entity charged with carrying the CM11-CIC Group subsidiaries and coordinating their activities.*

CAPITAL MARKETS ACTIVITY - REFINANCING

2011: a double-edged year for the debt market:

- The first seven months of the year were highly active in terms of issues and, more generally, medium and long-term funding, thanks in particular to life insurance companies' penchant for long-term investments. Thus, at the end of July, nearly €15 billion in funds had already been raised, i.e. 74% of the total long-term capital raised in 2011 (€20.4 billion).
- In August, the market took a turn for the worse after the United States lost its AAA S&P rating and the sovereign debt crisis resurged in the euro zone. The fall of 2011 saw a drastic reduction in short-term capital in US dollars from US money market funds. However, our Group was less severely impacted by this phenomenon given its low dependence on funds in US dollars.

During 2011, the Group managed to limit its market debt and protect its liquidity by continuing its basic efforts in the following areas:

- Continued improvement of the credit-deposit ratio and a policy of regular bond issues aimed at its customers. Four BFCM bond issues totaling €1,910 million were carried out in our Crédit Mutuel and CIC networks and, for the first time, among customers of TARGOBANK Germany in June 2011:

The details of these transactions were as follows:

- March 2011: €250 million over 5 years at a rate of 4.10%
 - April 2011: €250 million over 3 years at a rate of 3.60%
 - June 2011: €410 million over 5.3 years at a rate of 4.00%
 - December 2011: €1,000 million over 7 years at a rate of 5.30% (redeemable subordinated notes)
- Using market resources, enhancement of the strategy of favoring the use of long-term funding at the expense of money market financing. As a result, 37% of market financing was short-term and 63% medium and long-term at the end of 2011 (compared to 50/50 at the end of 2010). Through their participation in our BFCM and Crédit Mutuel-CIC HL SFH issues, major international investors confirmed their confidence in the Crédit Mutuel-CIC Group. This investor base is constantly growing, as evidenced by the "Samurai" issue of JPY 27 billion subscribed in July 2011 by Japanese institutional investors, a first for our Group.
 - The Group's liquidity situation is very healthy thanks to a large buffer of ECB eligible assets which cover our refinancing requirements over the next 12 months.

Other characteristics of 2011 include:

- The exercise of our issuer's call on a junior issue of €1 billion in December.
- 70% early redemption (tender) of a Tier 1 hybrid issue. Nearly 33%, i.e. €197 million, was tendered. This transaction enabled the Group to offer liquidity to its investors, the vast majority of whom, however, chose not to take the redemption from this transaction, thereby expressing their confidence in our Group's future.

DEPOSITARY FOR UNDERTAKINGS FOR COLLECTIVE INVESTMENTS (UCIs)

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

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

In 2011, the main depositary activities of Banque Fédérative du Crédit Mutuel were as follows:

- managed coverage of the General Work Plan, particularly as regards regulatory controls and controls aimed at securing the depositary's environment, including monitoring of ratios, benchmarks and securities and banking reconciliations;
- strengthened pooling of resources and improvements to the operating organization in the CM-CIC Depositary environment, including for developments, controls of assignees/service providers and in the legal field;
- improvements to tools in collaboration with the IT departments aimed at automating and securing controls;
- substantial efforts to ensure regulatory compliance in light of the large number of new regulations (French Monetary and Financial Code, General Regulations of the AMF, UCITS4 Directive);
- analysis of Key Investor Information Documents with the entry into force of UCITS4 in July 2011 and, as a corollary to this, study of the first funds marketed in Germany;
- implementation of new invoicing of depositary fees in three parts (safeguarding of assets, liability management, regulatory control);
- validation of the roles of the various entities involved in the employee savings environment for account-keeping and issuance of units;
- strict control of compliance with the credit limits of the funds managed by the Group's management companies. In this respect, the depositary participates in Credit Committee meetings on a regular basis;
- the concerted approach with CM-CIC Securities (issuer) aimed at improving operational processing of the private equity funds and communication with the management companies;
- improved security of the environment of the Private Equity management companies outside the CM10-CIC Group.

At the end of December 2011, Banque Fédérative du Crédit Mutuel was the depositary for 750 UCIs with a total of €62.5 billion in assets, stable compared to 2010 (+0.5%). This change is a result of the combined effect of the substantial outflows in the money market UCIs and the decline in the global markets for the "equity funds", on the one hand, and the increase in the FCT Home Loans program, on the other hand.

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

LARGE ACCOUNTS AND STRUCTURED PRODUCTS

The banking sector as a whole underwent dramatic changes:

- tight liquidity as a result of the very restrictive approach taken by key players in the interbank market,
- a lack of access to resources in US dollars, triggering a virtual withdrawal of European players,
- the burden of new regulations with the arrival by 2015/18 of new liquidity ratios (LCR and NSFR) and solvency ratios under Basel III.

In this increasingly difficult environment, especially in the second half of the year, the Group pursued its policy of supporting its customers, as it has done during the successive crises since 2007.

The main focus of the Lending business in the first half of 2011 was refinancing.

Large groups continued their policy of deleveraging and disintermediation, leaning more heavily on the bond and commercial paper markets.

Large Accounts boosted their presence in these two activities by participating in major operations (see bond issues of Pernod Ricard, Technip, etc. and Vallourec's commercial paper program).

The sovereign debt crisis starting in the summer of 2011 brought financing transactions to a halt and led corporates to take a wait-and-see approach in light of market volatility and credit spread pressures.

Thanks to its very active sales and marketing policy and its financial soundness - recognized and appreciated by large corporate customers - the Group benefited greatly from the improved cash position of corporates and individual investors. Its customers' investments continued to grow, reaching nearly €20 billion at the end of 2011, including more than €7 billion on the statement of financial position.

Sales and marketing efforts also involved the cross-functional businesses, with significant development of activities that do not require large amounts of equity and liquidity, such as private banking, employee savings and factoring.

The Group continued to put payment facilities at the heart of its strategy by:

- enhancing electronic payment services among large remitters through technological developments (including contactless and mobile payment) and a cross-border approach;
- continuously improving service quality by combining the "Corporate Payment Facilities" teams and the sales and marketing teams into a single unit; and
- helping customers understand regulatory and technical changes (SEPA, end of ETEBAC, etc.).

In an economic environment that remains uncertain, the Group plans to pursue its policy of supporting its Large Account customers in 2012.

SHARES IN SUBSIDIARIES AND OTHER LONG-TERM INVESTMENTS

The total portfolio of shares in subsidiaries and other long-term investments as well as participatory loans was €8,709 million at December 31, 2011, compared with €8,191 million the previous year.

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

- Carmen Holding Investissement: purchase of 8,083,629 shares (16.50% of capital) in the amount of €177,435,037,
- Crédit Industriel et Commercial: purchase of 5,878 shares at a price of €1,327,223.01 and 3,557 shares at a price of €758,138.98.
- Ventadour Investissement: subscription of the capital increase in the amount of €42 million,
- Banque de l'Economie du Commerce et de la Monétique: reinvestment of the dividend in shares (subscription of 183,591 shares in the amount of €23,971,355),
- Banque du Groupe Casino: acquisition of 117,350 shares (50% of capital) in the amount of €89,655,000,
- Société du Journal l'Est Républicain: acquisition of 109,478 shares in the Lignac Group for a total amount of €52,843,400; BFCM holds 72.75% of the capital directly and 18.7% indirectly,
- CM-CIC Immobilier (formerly Ataraxia): acquisition of 94% of the capital held by CRCM LACO, i.e. 818,335 shares for a total amount of €44,386,490 (BFCM holds 100% of the capital); subscription of the capital increase following the tender of securities of the Group's four real estate companies (CM-CIC Agence Immobilière, CM-CIC Aménagement Foncier, CM-CIC Participations Immobilières and CM-CIC Réalisations Immobilières), i.e. 1,205,254 new shares for a total amount of €32,887,487,
- Filiation: acquisition of 60,000 shares (100% of capital) for a total amount of €1.1 million,
- Caisse de Refinancement de l'Habitat: annual adjustment in our ownership interest, resulting in the purchase of securities in the amount of €11,750,434 and the subscription of 1,507,437 shares in the amount of €23,862,727 under the capital increase; the ownership interest represents 23%.

INFORMATION ON THE ACTIVITY AND RESULTS OF SUBSIDIARIES AND CONTROLLED COMPANIES (ARTICLE L 233-6 PARAGRAPH 2 OF THE FRENCH COMMERCIAL CODE)

Under the above regulation, the report submitted to the Shareholders' Meeting must disclose the results of the subsidiaries and companies controlled by BFCM, by business line.

Financial and related sector

Groupe Crédit Industriel et Commercial SA:

Commercial results:

In 2011, the combined efforts of all employees made it possible to serve the client base of individuals, associations, self-employed professionals and companies (CIC is the bank for one out of three companies).

Outstanding loans totaled €132 billion (+3.8%) and deposits stood at €100 billion (+9.7%).

Retail banking continued to improve the quality of its network, which now totals 2,108 branches, including 31 created in 2011.

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

- add 93,947 new customers to the banking network (including 19,871 professionals and 2,005 companies), bringing the total to 4,462,041 (+2%);
- increase outstanding loans by 3.7% to €111 billion (including +2% for housing loans and +11.1% for capital asset financing);
- boost deposits by 14.3% to €78 billion thanks to a significant increase in term accounts;
- develop the property and casualty insurance business (+5.5% of the portfolio to 2,865,645 policies);
- record gains in the services area (remote banking +6.5% to 1,532,117 contracts, telephone banking +31% to 304,635 contracts, theft protection +9.6% to 60,207 contracts, electronic payment terminals (EPT) +3.2% to 99,041 contracts).

Outstanding loans totaled €13.3 billion in financing and €7.1 billion in private banking.

Financial results:

CIC recorded a net tax charge of €261 million on its portfolio of Greek sovereign bonds. The residual book value of its Greek sovereign debt, impaired by 70%, totaled €175 million.

Net banking income fell from €4,637 million in 2010 to €4,166 million at December 31, 2011. Management fees decreased by 1% to €2,810 million.

Net additions to/reversals from provisions for loan losses amounted to €549 million at December 31, 2011. After restatement of the impact of Greek sovereign bonds, it was reduced to €204 million, compared to €441 million in 2010. As a result, the ratio of provision allocations for known risks to outstanding loans fell from 0.21% to 0.16% and the overall non-performing loan coverage ratio was 57% as of December 31, 2011.

Net income amounted to €579 million at December 31, 2011, compared to €1,144 million in 2010.

At December 31, 2011, the Tier 1 solvency ratio was 10.8%. Tier 1 regulatory capital totaled €10.8 billion.

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

The Board of Directors will propose a dividend of €6.50 per share to the May 24, 2012 Shareholders' Meeting, compared with €8.80 for the previous year.

Retail banking

As of December 31, 2011, retail banking recorded a net banking income of €3,240 million, compared to €3,280 million in 2010.

General and administrative expenses remained stable at €2,166 million (€2,175 million at the end of 2010).

Net additions to/reversals from provisions for loan losses fell from €267 million in 2010 to €157 million.

Income before tax was €1,001 million (+5%), compared with €955 million the previous year.

Financing

Net banking income increased by 3% to €417 million.

Net additions to/reversals from provisions for loan losses increased from €32 million in 2010 to €34 million in 2011.

Income before tax rose by 3% to €304 million.

Capital markets

At December 31, 2011, net banking income was €336 million (€555 million in 2010).

Net additions to/reversals from provisions for loan losses amounted to €54 million (€139 million in 2010).

Income before tax fell from €252 million to €126 million after impairment of Greek sovereign bonds in the amount of €92 million.

Private banking

Net banking income increased by 7% to €431 million in 2011, compared to €404 million in 2010, and income before tax rose by 21% to €85 million versus €70 million.

Private equity

Net banking income fell from €191 million in 2010 to €93 million and income before tax fell from €156 million to €59 million.

Invested capital totaled €1.7 billion, including €373 million in 2011.

The portfolio consists of 575 investments.

Outlook:

CIC is pursuing:

- the commercial development of its network,
- the extension of its line of products and services in all its markets,
- its goal of delivering the best possible service to private individuals, associations, self-employed professionals and companies,
- its support of the economy by best meeting its customers' needs.

BFCM purchased 9,435 shares (€2,085,362).

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

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

Thanks to its market positioning, BECM also steers activities related to real estate professionals and large order-givers in the payments processing area on behalf of the Group.

It now conducts its business through a national network (27 corporate branches, 10 real estate development financing branches, one landholdings branch and three wealth management branches), a German network (three branches) and its Saint-Martin branch in the Netherlands Antilles.

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

With the support of the Group's functional, logistics and production departments, it develops its activities according to common business and market reference bases or reference bases that are consistent with those of the CM-CIC Group.

2011 was marked by two distinct and contradictory periods: a first half characterized by a gradual recovery in activity and a second half which took an about-face with a slowdown in growth as a result of the sovereign debt crisis and its impact on the financial markets.

In this unpredictable and uncertain environment, BECM continued to pursue an active business development policy centered around four key priorities:

- extension of the branch network through the creation of seven new branches at the end of 2010 and in 2011 (five in the corporate market, including two in Germany, and two in the real estate development market),
- expansion of the customer portfolio by focusing its business development efforts more on parent companies and subsidiaries based on an approach that targets Europe-wide groups,
- coverage of customers' financing needs in line with their changing markets and development strategy, while at the same time implementing a dynamic deposit-taking policy to ensure the necessary balance between lending and deposits amid tight liquidity in the markets,
- maximum assistance for international operations of corporates in order to support their vital expansion in foreign markets.

By maintaining a deliberately proactive policy that transcends the economic and financial ups and downs, in 2011 BECM was able to achieve a significant increase in managed funds in all markets in both France and Germany.

This increase allowed it to record outstanding loans of €10.8 billion in average monthly capital, up 15.5%. Credits authorized but not drawn remained steady at €4.9 billion, or 45% of credits drawn. Meanwhile, total fund deposits (excluding Group institutions) rose by 13% to €7.6 billion, reflecting the improved financial situation of companies. The sharp growth in deposits (+53%) is the result of the network's deposit-taking efforts and the off-statement of financial position managed savings reintermediation measures.

The successful marketing of the Group's value-added services and products enabled the bank to achieve NBI of €206 million.

Net additions to/reversals from provisions for loan losses fell to 0.10% of outstanding loans. After the €15 million allocation to the FGBR, net income totaled €69 million, the same as the previous year, after taking into account a net overtax of €4 million and the financing of the network extension investments in 2011.

At December 31, 2011, the statement of financial position totaled €15.9 billion, up 37.4%.

Crédit Mutuel-CIC Home Loan SFH: This company, formerly CM-CIC Covered Bonds SA, obtained the status of housing finance company (*Société de Financement de l'Habitat - SFH*) in 2011 in order to be able to offer this new quality and liquidity standard to its investor base.

Since the summer of 2011, the debt market has tightened significantly as a result of the sovereign crises. International investors were extremely reluctant to invest, particularly in European countries perceived as weak. France was eventually added to this list, causing all French issuers to fall victim to this situation.

The way the market operated changed, with private transactions replacing benchmark public issues.

Despite this difficult environment, we were able to complete issues totaling nearly €1.5 billion during the last quarter, mainly through additions to existing issues.

Overall, the 2011 statement of financial position is still very positive: during the year Crédit Mutuel-CIC Home Loan SFH issued securities totaling €8.7 billion to an increasingly diversified investor base comprised of some 140 different investors.

After taking into account the early medium and long-term refinancing completed in 2011, we expect to raise an additional €9 billion in 2012, if the markets allow, primarily in the form of covered bonds.

Ventadour Investissement SA: This company's primary activity consists of acquiring equity interests in other companies. The gross value of investments outside the Crédit Mutuel Group held steady relative to the previous year at €0.7 million. CIC's line was also maintained at €1,060 million, as no transactions occurred in 2011.

In 2011, Banque Fédérative subscribed to 2,800,000 shares valued at €42 million as part of a capital increase.

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

Net customer outstanding loans rose from €1,054 million to €1,163 million in 2011, while net income totaled €13.6 million.

The company's equity before appropriation of the prior year's profit was €45 million.

CM AKQUISITIONS GmbH:

TARGOBANK's activity in 2011

Although outstanding loans decreased by €572 million in 2010, new marketing campaigns have helped to reverse this trend considerably since January 2011.

Daily production of personal loans averaged €10 million/day in 2011, a level that has not been achieved since July 2009.

Up 20% compared to 2010, this level is gradually helping to get outstanding personal loans back on track, which increased from €8,209 million at the end of 2010 to €8,365 million at December 31, 2011.

In parallel to this, the bank also worked relentlessly to improve its credit-deposit ratio, which fell from 113% in December 2010 to 104% at the end of December 2011, which guarantees TARGOBANK complete independence in terms of refinancing.

To accomplish this, the bank had to closely monitor its customer rates in a fiercely competitive environment.

At the sales level, the bank focused on its service quality.

A quality plan was implemented in each of the bank's departments, including in particular the network and back office, to improve process and customer service efficiency.

Customer satisfaction surveys are already showing encouraging signs. The bank is continuing its efforts in 2012 to further reinforce this positive trend.

Finally, in the first half of 2011, TARGOBANK participated for the first time in the marketing of a BFCM loan. The portion reserved for the German market (€100 million, i.e. one-fifth of the total amount) was completely sold.

Moreover, in addition to the three Banque de Luxembourg funds marketed since December 2009, TARGOBANK has offered a selection of three funds managed by CM-CIC Asset Management since September 2011.

2011 results and outlook for 2012

German growth remained strong in 2011 (+3%) thanks to domestic demand and exports, both of which increased and sustained economic activity. The German government predicts an annual growth rate of 0.7% in 2012.

The unemployment rate continued to fall, averaging 7.1% in 2011, and all the economic forecasting institutes expect this trend to continue. The unemployment rate should be between 6.8% and 7% in 2012.

Against this backdrop, 2011 earnings were €398 million, up 34% compared to 2010.

The income level was down by €113 million (8%) relative to the previous year, mainly as a result of a drop in interest rates offered to customers (promotional campaigns) and an increase in funding costs. On the other hand, expenses and cost of risk improved in relation to 2010, by €124 million and €91 million respectively, offsetting the drop in income.

For 2012, economic forecasts, which are still relatively optimistic for Germany, have led us to set an ambitious goal in terms of loan production, namely €2.6 billion versus €2.3 billion generated in 2011. This level should allow the bank to continue to develop its personal loan portfolio and increase its net banking income in 2012.

Excluding non-recurring items, expenses are also expected to hold steady relative to 2011.

Finally, the ongoing reduction in unemployment, if confirmed, should enable the bank to continue to hold down its cost of risk.

Under these circumstances, TARGOBANK should be able to post even higher income before tax in 2012.

CM-CIC SCPI Gestion SA: This company manages CM-CIC Pierre Investissement, formed by the merger of the Crédit Mutuel Immobilier 1 (CMI 1) and Ouest Pierre Investissement (OPI) commercial real estate investment trusts (*Sociétés Civiles de Placement Immobilier, SCPI*), which is owned by nearly 2,500 partners who are customers of the two banking networks. Earnings for 2011 are expected to be close to €50,000.

Banque de Luxembourg: As a center of excellence in international private banking within the CM-CIC Group, Banque de Luxembourg has managed to stabilize its activity and results despite the significant impact of the financial crisis.

2011 activity and results

Despite an unfavorable economic environment, private banking outstandings were €17.1 billion compared to €16.8 billion in 2010.

In terms of professional banking, the net assets of deposited investment funds increased by 5.1%. Streamlining of management led to a slight reduction in the number of sub-funds. The third-party fund management business acquired new mandates in growing markets (United States, Latin America, Sweden,

United Kingdom). Its outstandings declined by 7.7% as a result of valuation effects.

The contribution to net income attributable to the Group, after taxes and non-controlling interests, held steady at €41.5 million.

CIC Iberbanco: In 2011, in a difficult economic and financial environment, CIC Iberbanco was able to take advantage of its integration into the Group and its positioning as a “bank open to two worlds” to substantially speed up its development. The customer base increased by 9.9%, customer deposits rose by 9.5% and loans grew by 24.5% over the year.

CIC Iberbanco has a network of 16 retail branches (private individuals and self-employed professionals) located in Ile de France, the Lyon region and southern France (Bordeaux, Midi-Pyrénées and Languedoc Roussillon) as well as four Corporates branches and a Real Estate Development branch. In 2011, extensive renovation and relocation work was completed in the branch network in order to modernize it and bring it up to current standards. This work will continue in 2012, when the network will also be expanded with the creation of three new branches.

2011 net income attributable to the Group was €0.418 million.

Boréal SAS: Through Boréal, CM-CIC offers services in the area of “Securities Custody”, “Financial Services to Issuers” and “UCITS Centralization” to non-Group financial institutions, investment firms and management companies.

These services, which are based on advanced technology mastered by internal teams, are heavily geared toward “end users” (own-label transactional website, text messaging, e-mail, etc.) and are scalable and adaptable to the institutions’ needs.

In a market environment that has been under pressure since July 2011, we perceive activity as continuing as normal without any major changes and with little variation in our customers’ businesses and structures. Overall, we have seen a decrease in funds held in custody despite a slight increase in transactions as a result of market fluctuations.

Revenue for 2011 rose by 2.2% to €2.7 million. Operating expenses increased by 5.3% to €1,858,000, with the result that gross operating income fell by 7.1% to €856,000.

The rise in interest rates resulted in net financial income of €107,000 compared to €32,000 in 2010, which offsets the decline in gross operating income. The result is recurring income of €961,000, €8,000 more than in 2010.

After corporate income tax, net profit for the year was €641,000, virtually the same as 2010 but 19% higher than the projected amount.

It has strengthened shareholders’ equity by 6.4%, bringing it to €6,515,000 before distribution.

The industrial partnership signed in 2010 has not yet yielded results because of the financial crisis. However, other important contacts hold out the prospect of this activity developing in the years ahead.

For 2012, we foresee 5% growth in revenues but a 4% decline in earnings given the level of investment needed to develop the business.

CM-CIC Lease SA: In 2011, the CM-CIC Group continued to develop and expand its professional real estate leasing products for its customers.

New lease financing agreements rose by 8.5% to €676 million compared to 2010 and involved 308 buildings (+9.6%).

Continuous improvement in productivity and quality in the establishment of agreements remained a priority for CM-CIC Lease, which also introduced an extensive training program during the year aimed at expanding its teams' capabilities and effectiveness.

Outstanding leases, including current transactions (off-statement of financial position), rose by 10.8% to nearly €3.4 billion, of which 75% are for industrial, commercial and warehouse facilities in roughly equal amounts, while the remainder includes facilities in such diversified sectors as hotel, recreational, educational and healthcare facilities.

The commissions paid by CM-CIC Lease to the Group's various networks totaled €13.1 million (a 24.6% increase of €2.59 million compared to 2010). Net income, which also includes a significant increase in financial taxes and provisions for property assets leased to customers, was €5.6 million, compared to €8.8 million the previous year.

CM-CIC Asset Management SA: Like its competitors, CM-CIC Asset Management SA, the asset management arm of the Crédit Mutuel-CIC Group and the market's fifth largest management company, felt the effects of a challenging market environment. It was also indirectly impacted by Basel III and higher taxes on financial investments. Both private individuals and corporate clients continued to shift their focus toward bank savings products.

Nevertheless, CM-CIC-AM's assets under management posted smaller losses at year-end than those of the market, excluding the money market category, which was particularly impacted by net outflows given the historical importance of large corporates and SMEs, institutional investors and associations at the CM-CIC Group.

However, the careful selection of securities and maturities helped sustain bond class assets by preserving overall performance. This class was also given a boost by the expansion of a range of target maturity funds, which will continue in 2012. The company's yield management process helped it garner several awards in 2011, including the Morningstar Fund Awards for best group for "wide range – bonds" for the second straight year.

With regard to equity funds, which represented 9.9% of total assets under management at December 31, 2011, the reduction in assets remained limited compared to the market despite the declining interest in this asset class.

CM-CIC AM offers specific, attractive funds in this category, which it will continue to showcase in 2012.

They include funds related to "small and mid caps", special-interest funds such as Union Europe Growth (low-volatility growth fund) and CM-CIC Or et Mat (international fund invested in gold mines and raw materials).

Finally, diversified UCITS, which accounted for 14% of total assets at December 31, 2011, contracted slightly (-3.26%), thanks in particular to the subscription of profiled funds by institutional investors.

The company's main customers are those of the CM-CIC Group's networks, whether members of the general public, private banks or corporates. In addition, the company's continued efforts to attract new institutional clients have paid off, thanks in particular to its success in numerous requests for proposals. The Group has begun to distribute its products internationally at its foreign subsidiaries, including through the TARGOBANK network in Germany.

Finally, together with other Crédit Mutuel-CIC Group companies involved in the securities field (CM-CIC Titres, CM-CIC Securities), CM-CIC AM has developed an integrated product line for management companies (CM-CIC Investor Services).

At the end of 2011, assets under management, spread over 623 funds, were down 12% totaling €51.2 billion. CM-CIC AM also acted as an accounting services provider on behalf of 73 management companies covering 307 UCITS.

Revenues totaled €248 million and net income was €3.4 million.

Carmen Holding Investissement SA: This company was created to organize the joint venture with the 3 Suisses International Group as part of the acquisition of a controlling interest in the Cofidis Group. This entity, which has been 83.5%-owned by BFCM since 2011, has no operating activity. All financial transactions resulted from agreements related to the acquisition of Cofidis and, in particular, the payment of the purchase price. The corresponding subscription of the capital increase totaled €656,488,740.

Insurance sector

Groupe des Assurances du Crédit Mutuel – GACM – SA: The CM10-CIC Group's insurance activities are carried out through the subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM).

In 2011, GACM's net income based on IFRS was €471.3 million, down 31.7% compared to a record 2010 net income, which was favorably impacted by the change in tax status of the "réserve de capitalisation" (French insurance company reserves included in shareholders' equity).

This decline was also due to two major factors: the drop in revenues resulting from the decrease in life insurance intake and, more importantly, the situation on the financial markets and the Greek debt crisis, which resulted in impairments in GACM's accounts and the recognition of these assets at fair value in accordance with IAS 39 and IFRS 4.

At the same time, GACM realized more than €80 million in net capital gains following the disposal of two of its subsidiaries (ICM Ré and EP Services). EP Services was sold to EP Surveillance, another CM10-CIC Group company owned by Euro Information.

In this challenging economic environment, consolidated insurance revenues totaled €8.2 billion, compared to €9.2 billion in 2010, a decrease of 11.3% in a market that contracted by 9% overall.

Despite a sharp decrease in premiums for life insurance and savings products, net intake remained generally positive during the year, with managed assets growing by more than 2%.

The decline in life insurance revenue was partly offset by strong growth in non-life insurance revenues (+14.2%). Growth in automobile and homeowners' insurance revenue was higher than the market average at +5.3% and +8.5%, respectively. Personal insurance increased by more than 19%, thanks in particular to borrowers' insurance. In fact, since January 1, 2011, ACM also insures the loans marketed by the COFIDIS networks.

As there were no major weather events, underwriting income from property insurance was excellent. The total loss experience in the healthcare sector was also well managed.

Consistent with the CM-CIC Group's international diversification strategy, GACM supported the development of the Spanish TARGOBANK network by creating two life insurance and non-life insurance branches and is exploring other development projects in Spain.

With €6.7 billion in equity, GACM is well-positioned to satisfy the new Solvency II requirements despite an unstable environment.

IT sector

Euro-Information SAS: The company recorded net income of €47.87 million in 2011, in line with projections. Banque Fédérative du Crédit Mutuel owns 13.83% of its capital.

Real estate sector

CM-CIC Participations Immobilières SA: Working alongside real estate developers by participating in financing rounds of French real estate companies (SCI) and supporting residential real estate programs throughout France, CM-CIC Participations Immobilières represented the Group in 17 new transactions in 2011. The company invested €5.9 million in equity capital in these transactions, which represented sales of €283 million and involved 1,270 housing units. Net income totaled €0.7 million.

CM-CIC Aménagement Foncier SA: This subsidiary, whose trade name is CM-CIC SAREST, purchases and services building sites for professional and private customers, mainly for housing purposes.

In 2011, the company posted its highest revenues since its creation at €27.2 million (278 building lots sold amounting to €30,080,000, including tax), compared to €18.9 million the previous year (272 building lots amounting to €21,080,000, including tax). Net income for 2011 is expected to be €2.4 million after corporate income tax.

CM-CIC Agence Immobilière SAS: A brokerage company in the new housing sales sector, CM-CIC AFEDIM carries out its business activity in the context of the Hoguet law and in common on behalf of the Crédit Mutuel, CIC and private bank networks. This arm of the Group targets investors and first-time homebuyers. The real estate programs marketed are first approved by a committee composed of representatives from the commitments, wealth management and sales networks. In 2011, 4,735 lots were optioned for a total of €924 million. These options should generate €42.2 million in commissions and €38.5 million in retroceded fees to the network.

CM-CIC Réalisations Immobilières SAS: This company, whose trade name is CM-CIC SOFEDIM, provided such services for the CM-CIC Group as arbitrage, project management on renovation work and various support tasks. Including the income from joint real estate development transactions in the form of SCIs, pre-tax net income for the year increased to €700,000 from revenues of €1.2 million.

CM-CIC IMMOBILIER SAS: Formerly known as Ataraxia, this was the holding company of the entities of the Loire-Atlantique et Centre-Ouest Group specializing in real estate.

Through the partnership and the convergence among the various groups, this company became a wholly-owned subsidiary of BFCM and will gradually control all the business networks which are themselves meant to work together.

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

At Bischenberg, after the construction of the new restaurant and hotel in 2009, followed by the renovation of the old hotel in 2010, 2011 was dedicated to the construction of the amphitheater and the new training rooms, and a recreational area and wine lounge were also built during the same period.

A total of €14,154,240 in work and equipment was capitalized during the year, and annual depreciation amounted to €1,453,328. The rent paid by the Bischenberg SAS operating company generated €324,156 in income.

The final installment of the renovation work on the old training rooms will take place in 2012.

The Verrières-le-Buisson training center entered into service on September 1, 2011; a total of €40,652,610 was capitalized in the company's accounts and depreciation amounted to €397,243.

The site is operated by Les Gâtines SAS.

Two projects initially slated to be financed through bank loans were instead funded by successive calls on partners' current accounts, which totaled €80,566,979 at December 31, 2011.

The net loss for 2011, which will be passed on to the partners, was €2,534,863.

Communication sector

Société Civile de Gestion des Parts du Crédit Mutuel dans le journal "l'Alsace": This company historically bears the collective interest of Caisses de Crédit Mutuel and Fédération Centre Est Europe in the capital of the Alsace holding company. The 3.11% interest in *Journal l'Alsace* is carried on the statement of financial position for €1.6 million.

Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace" SAS: The main activities of Alsace Médias involve the regional daily press, with publications *L'Alsace* and *Le Pays*, such feature publications as *Journal des Enfants* and regional magazines and free classified ad papers. In 2011, consolidated revenues totaled €71 million, with an operating loss of €9.4 million.

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

Ebra SAS: Ebra posted a net loss of €6,455,000 in 2011. Its operating loss of €740,000 resulted from revenues of €2,164,000 and operating expenses of €2,943,000 (including €1,173,000 in salaries, social security and other payroll-related expenses). Net financial income of €10,250,000 related mainly to current account interest income and the net release of a provision for JSL and BP securities following the merger of these two entities into EBM.

Non-recurring expense was €17,020,000, which mainly pertained to the book value of EBM securities following the merger. This expense was reduced by the income from the sale of the customer base of *L'Indépendant du Louhannais* to the SEHLJ company.

Groupe Républicain Lorrain Communication: Wholly owned by BFCM, this holding company owns the company that publishes the newspaper of the same name as well as several other companies. The company's activity and results remained stable in a difficult environment.

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

Services and other

Réma SNC: In 2011, this subsidiary specializing in equipment resales decreased its revenues by 16% from €14.9 million to €12.6 million. Net income was €96,553.13, down 5% compared to the previous year.

Bischenberg SA: The delivery at the beginning of the year of the penultimate installment of the extension work resulted in revenues of €4,287,000, 31% higher than the previous year.

Despite a substantial increase in expenses, operating income was positive at €149,000 after corporate income tax. This allowed nearly all of the carryover losses from previous years to be offset.

The extension of the site is nearing completion. The training center will have full operational capacity in April 2012.

Les Gâtines SAS: Income totaled €951,000 for three months of activity (opening on October 3, 2011). On a full-year basis, the company had a loss of €193,000 as a result of additional expenses related to the opening: salary of staff hired prior to the opening and purchase of supplies and essential small equipment. In 2012, the Les Gâtines center will be fully up to speed and ready for its first full year of operation.

CM-CIC SALP SAS: Wholly owned by BFCM, this company recently started up its personal services activity.

Sofédis SA: Revenues increased to €57.8 million in 2011, with net income of €2.1 million.

Strasbourg, February 23, 2012.

The Board of Directors

6.1.2 Ordinary Shareholders' Meeting of May 10, 2012

FIRST RESOLUTION

After hearing the reports of the Board of Directors and Statutory Auditors, the Shareholders' Meeting approves the financial statements and the statement of financial position for the year ended December 31, 2011 as presented, which show a net income of €289,765,321.77.

It also approves the transactions shown in the financial statements or summarized in these reports.

The Shareholders' Meeting gives discharge to the Directors and the Statutory Auditors in respect of the performance of their responsibilities for the past year.

SECOND RESOLUTION

The Shareholders' Meeting decides to appropriate the net income for the year in the amount of €289,765,321.77, plus the retained earnings from the previous year in the amount of €662,237.10, giving a total amount of €290,427,558.87, as follows:

- pay a dividend of €2.00 to each of the 26,043,845 shares carrying dividend rights for the full year and a dividend of €0.83 to each of the 452,420 new shares carrying dividend rights from July 28, 2011, i.e. a total distribution of €52,463,198.60. These dividends are eligible for deduction under Article 158 of the French Tax Code (CGI);
- transfer €2,262,100.00 to the legal reserve, thereby bringing it to 10% of the share capital of BFCM;
- transfer €235 million to the optional reserve;
- transfer the remaining balance of €702,260.27 to retained earnings.

A proposal will be made to the shareholders to receive the dividend in the form of new shares and a special report will be presented to this effect.

In accordance with the legal provisions in force, we remind you that the dividends paid per share for the last three years were as follows:

Year	2008	2009	2010
Amount in €	-	4.96	-
Dividend eligible for deduction under Article 158 of the French Tax Code (CGI)	-	yes	-

THIRD RESOLUTION

The Shareholders' Meeting approves the consolidated financial statements for the year ended December 31, 2011 as presented by the Board of Directors.

FOURTH RESOLUTION

The Shareholders' Meeting approves the agreements covered by Article L.225-38 of the French Commercial Code (Code de Commerce) presented in the special report of the statutory auditors and, more specifically, in accordance

with Article L.225-42-1 of the same code, the agreement providing for the termination indemnity of Mr. Alain Fradin, Chief Operating Officer, equivalent to one year's gross salary calculated based on the average of the last 12 months preceding the end of his appointment.

FIFTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Jean-Louis Boisson as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

SIXTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Gérard Bontoux as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

SEVENTH RESOLUTION

The Shareholders' Meeting renews the appointment of Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie, represented by Mr. Daniel Leroyer, as a member of the Board of Directors for a three-year term.

Its term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

EIGHTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Maurice Corgini as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

NINTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Jacques Humbert as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

TENTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Albert Peccoux as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

ELEVENTH RESOLUTION

The Shareholders' Meeting renews the appointment of Mr. Alain Têtedoie as a member of the Board of Directors for a three-year term.

His term of office will end at the time of the Shareholders' Meeting called to approve the financial statements for 2014.

TWELFTH RESOLUTION

The Shareholders' Meeting confers all powers on the bearer of an original, copy or extract of these minutes to complete all filing, publication and other formalities as necessary.

6.2 Special report of the statutory auditors on regulated agreements and commitments

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

KPMG Audit
A unit of KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Statutory auditors
Member of the Versailles
regional institute of accountants

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable
(Simplified stock company with variable capital)
Statutory auditors
Member of the Versailles
regional institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM

Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2011.

Special report of the statutory auditors on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments indicated to us, or that we may have identified in the performance of our audit. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the Shareholders' Meeting.

We followed the procedures which we considered necessary to comply with professional guidance given by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of audit. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it was extracted.

Agreements and commitments submitted for approval by the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with Article L. 225-40 of the French Commercial Code (Code de Commerce), we have been advised of the following agreements and commitments which received prior authorization from your Board of Directors.

1. With Mr. Alain Fradin, Chief Operating Officer

Nature and purpose

On May 11, 2011, the Board of Directors decided to approve the proposals of the remuneration committee regarding the fixed and variable compensation and other employee benefits of Mr. Alain Fradin.

In addition, on May 11, 2011, the Board of Directors also decided to approve the proposal of the remuneration committee regarding the termination indemnity of Mr. Alain Fradin, calculated based on the average of the last 12 months preceding the end of his term of office.

The payment of this indemnity is subject to a performance condition based on the Group's total consolidated IFRS equity on the final date of the term of office. With regard to this term of office, the above-mentioned indemnity is without prejudice to the indemnity which he may receive as an employee, in accordance in particular with the agreements in force at the Group.

As an employee, Mr. Alain Fradin is subject to the company's supplementary pension rules of January 1, 2008. Consequently, the remuneration committee has proposed that these pension rules be applied to the remuneration of Mr. Alain Fradin, in his capacity as Chief Operating Officer, under the same conditions that apply to all the Group's employees.

However, it should be recalled that Mr. Alain Fradin has been an employee of the Group since June 1, 1983 and that his employment contract was suspended effective May 1, 2011.

Conditions

The termination indemnity of Mr. Alain Fradin as Chief Operating Officer currently represents an estimated commitment of €1.12 million (including social security and other payroll-related expenses).

For his corporate appointment, Mr. Alain Fradin is also covered by a supplementary pension plan, the conditions of which are the same as those that apply to the other employees of your company and for which the contributions paid to the insurance company covering this entire commitment amounted to €11,407 in 2011.

2. With Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds)

With regard to the amendment to the collateral security agreement, the persons concerned, in their capacity as chairmen or directors of Caisses de Crédit Mutuel, collateral providers, and directors of BFCM, are Messrs. Jean-Louis Boisson, Gérard Bontoux, Maurice Corgini, Gérard Cormoreche, Roger Danguel, Jean-Louis Girodot, Etienne Grad, Jacques Humbert, Robert Laval, Michel Lucas, Fernand Lutz, Jean-Paul Martin, Gérard Oligier, Albert Peccoux and Alain Têtedoie.

With regard to the amendment to the outsourcing agreement, the persons concerned are the common directors of BFCM and CIC: Messrs. Gérard Bontoux, Gérard Cormoreche, Maurice Corgini, Jean-Louis Girodot, Michel Lucas, Albert Peccoux and Alain Têtedoie.

With regard to the approval of the adherence by certain local branches to the Collateral Security Agreement signed in connection with the SFH program, the persons concerned are Messrs. François Duret, Pierre Filliger, Alain Têtedoie, Thomä Eckart and Michel Vieux as common directors of Caisse Fédérale de Crédit Mutuel, BFCM and the local branches where they serve as directors or chairmen.

Nature and purpose

The CM10-CIC Group wished to significantly increase its medium- and long-term financing base to meet the needs created by its expansion. As such, a project was initiated to create favorable refinancing conditions for certain real estate loans.

Since 2007, this refinancing has been carried out through a subsidiary of your company called CM-CIC Covered Bonds (now called Crédit Mutuel-CIC Home Loan SFH, after obtaining the new status of housing finance company (*société de financement de l'habitat* or SFH)). The sole activity of this company is to refinance the CM10-CIC Group by issuing covered bonds as part of a Euro Medium-Term Notes issue program.

The proceeds from these issues enable CM-CIC Covered Bonds to fund the CM10-CIC Group's traditional refinancing channels by granting loans to your company.

At its meeting on August 3, 2009, your Board of Directors authorized the amendments to the Program Documents in connection with the increase in the cap of the covered bonds issue.

At its meeting on April 8, 2011, your Board of Directors authorized the amendments to the collateral security agreement and to the outsourcing agreement, primarily to take into account the status of housing finance company obtained by CM-CIC Covered Bonds.

As part of the SFH Program, local branches newly affiliated with Caisse Fédérale de Crédit Mutuel are expected to adhere to the Collateral Security Agreement as collateral providers. This will take effect through the signing of a letter of adherence, a sample of which is provided in the appendix to the Collateral Security Agreement, or any equivalent document (the "Letter of Adherence"), by each of the local branches affiliated with Caisse Fédérale de Crédit Mutuel whose name appears in the appendix to said Letter of Adherence (jointly, the "Local Branches").

At its meeting on July 28, 2011, your Board of Directors approved the adherence of the Local Branches to the Collateral Security Agreement through the signing of the Letter of Adherence and authorized the Chief Operating Officer to finalize and sign any document related to the adherence of the Local Branches, to negotiate and sign any amendment, and to sign any additional, reiterative or amending documents.

Conditions

At December 31, 2011, loans granted by Crédit Mutuel-CIC Home Loan SFH to your company totaled €22,952 million. In this respect, your company recognized an expense of €581.4 million in the financial statements for the year ended December 31, 2011.

3. With Caisse Fédérale de Crédit Mutuel (CFCM)

The persons concerned are Messrs. Michel Lucas, Jean-Louis Boisson, Jean-Louis Girodot, Albert Peccoux, Gérard Bontoux, Jacques Humbert, Gérard Cormoreche and Alain Têtedoie.

Nature and purpose

The CM10-CIC Group wished to set up an internal system to securitize its receivables representing housing loans granted to its customers and ineligible for other current refinancing arrangements (Caisse de refinancement de l'habitat, SFEF, covered bonds program) in order to create an additional source of refinancing.

The securitization was carried out by a securitization mutual fund called CM-CIC Home Loans FCT. A "securizable loan" was granted by CFCM to your company, which used this amount to fund the CM10-CIC Group's traditional refinancing channels. This loan was subsequently purchased by CM-CIC Home Loans FCT, which issued notes to finance this acquisition. These notes were then immediately acquired by your company and deposited under repurchase agreements with the European Central Bank to cover the refinancing granted by the central bank.

The commitments given by your company in respect of this “securitizable loan” granted by CFCM are guaranteed by financial guarantees on housing loan receivables. These are issued by local branches of Crédit Mutuel that belong to CFCM and by banks within the CIC group (the “collateral providers”) in favor of CFCM on behalf of your company. Thus, when it purchased the securitizable loan, CM-CIC Home Loans FCT became the beneficiary of the collateral issued and may take advantage of this to obtain an AAA rating.

This “Collateral Security Agreement” is between, firstly, your company as borrower, agent for the collateral security and “collateral provider” on its own behalf, secondly, CFCM as intermediary bank which granted the “securitizable loan” to your company and, lastly, all CM10-CIC Group entities required to provide collateral.

This agreement stipulates, in particular, the conditions of remuneration of each “collateral provider”.

This operation was authorized by the Board of Directors at its meeting on August 3, 2009. As such, several contractual documents were signed by your company with Caisse Fédérale de Crédit Mutuel.

At its meeting on July 28, 2011, the Board of Directors approved the amendment to the collateral security agreement and a master amendment to the program documentation, and authorized the Chief Operating Officer to finalize and sign any document related to the adherence of the Local Branches, to negotiate and sign any amendment, and to sign any additional, reiterative or amending documents.

Conditions

The collateral security agreements entered into with the collateral providers represented an expense of €953,000 for your company in 2011 for guaranteed outstandings of €13,518 million at December 31, 2011.

Moreover, the outstanding amount of the loan granted to your company by Caisse Fédérale de Crédit Mutuel when the operation was set up and subsequently taken over by CM-CIC Home Loans FCT amounted to €10,000 million at December 31, 2011. Interest expense recognized in this regard by your company during the year ended December 31, 2011 amounted to €93.2 million.

4. With Est Républicain S.A.

Person concerned

Mr. Michel Lucas, Chairman and Chief Executive Officer of your company and Chairman of the Board of Directors of Est Républicain S.A.

Nature and purpose

Agreement signed on December 29, 2011 in connection with an overall €35 million authorization granted by your company’s Board of Directors on November 18, 2011.

Conditions

As of December 31, 2011, this current account advance amounted to €13.5 million. No interest was paid in 2011.

Agreements and commitments not previously authorized

In accordance with Articles L. 225-42 and L. 823-12 of the French Commercial Code (Code de Commerce), we inform you that the following agreements and commitments did not receive prior authorization from your Board of Directors.

We are required to inform you of the circumstances which caused the authorization procedure not to be followed.

With Caisse Fédérale de Crédit Mutuel (CFCM)

The persons concerned are Messrs. Michel Lucas, Jean-Louis Boisson, Jean-Louis Girodot, Albert Peccoux, Gérard Bontoux, Jacques Humbert, Gérard Cormoreche and Alain Têtedoie.

Nature and purpose

As part of its securitization program, the following three amendments did not receive prior authorization from the Board of Directors:

- Master Amendment to the Program documentation (amending and/or confirming the Issuer Regulations, the Borrower Facility Agreement, the Collection Loss Collateral Agreement, the Transfer and Servicing Agreement, the Hedging Approved Form Letter, the Issuer Accounts and Cash Management Agreement and the Paying Agency Agreement, relating to CM-CIC Home Loans FCT) entered into by France Titrisation, CM-CIC Home Loans FCT (represented by France Titrisation), Caisse Fédérale de Crédit Mutuel, CM-CIC Securities and Banque Fédérative du Crédit Mutuel on September 28, 2011;
- Amendment to the Collateral Security Agreement entered into by CM-CIC Home Loans FCT (represented by France Titrisation), Caisse Fédérale de Crédit Mutuel, the local branches acting as collateral providers and Banque Fédérative du Crédit Mutuel on September 28, 2011;
- 2011 TEG Letter signed by Caisse Fédérale de Crédit Mutuel and Banque Fédérative du Crédit Mutuel on September 28, 2011.

Conditions

The purpose of the amendments was to:

- increase the program cap from €10 billion to €20 billion;
- issue three new categories of bonds (categories A4, A5 and A6, as described in the prospectus of September 28, 2011 and which received FCT approval no. 11-10) for a total amount of €10 billion; and
- update all documentation to reflect changes at the Group (change of name of Caisse Fédérale de Crédit Mutuel and the CIC entities) and legislative and regulatory changes since the program's creation in 2009 and correct immaterial errors.

These changes occurred at a time when market conditions allowed an extension of the refinancing mechanisms, even though no meeting was scheduled on the statutory calendar for meetings of the deliberative bodies who were competent to authorize these changes.

The fact that these changes needed to be made quickly in order for the Group to benefit from certain opportunities led to these agreements being amended without first obtaining the Board's approval.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in prior years whose implementation continued during the year

In accordance with Article R. 225-30 of the French Commercial Code (Code de Commerce), we have been advised that the implementation of the following agreements and commitments, already approved by the Shareholders' Meeting in prior years, continued during the year.

With Ebra S.A.S.

Nature and purpose

In previous years, your company granted a current account advance in connection with the acquisition of an equity interest in Ebra S.A.S.

Conditions

At December 31, 2011, this current account advance amounted to €85,204,643. Remuneration received in respect of the year ended December 31, 2011 and capitalized on the amount of the advance amounted to €1,943,627.62.
Paris-La Défense, April 19, 2012

French original signed by

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

ERNST & YOUNG et Autres

Jean-François Dandé

Isabelle Santenac

6.3 Other registration document information

6.3.1 Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements

Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements includes the following points extracted from the following sections:

Section I BFCM Group presentation

1.4 Competitive position: page 10

Chapter III – Risk factors (extracts)

Interbank loans: page 118

Statement of financial position management, interest-rate risk management: pages 120 et seq.

Risk management, CAD: page 126

The European solvency ratio: pages 128 et seq.

6.3.2 Date of latest financial information

BFCM's latest reported financial information dates from December 31, 2011.

6.3.3 Half-year financial information

Not applicable.

6.3.4 Material changes in the issuer's financial position

There have been no material changes in the BFCM Group's financial or commercial position since publication on February 23, 2012 of the financial statements for the year ended December 31, 2011. Similarly, there has been no material deterioration in BFCM's prospects since this date.

6.3.5 Recent events specific to BFCM having a material impact on the measurement of its solvency

There have been no material changes in the Group's financial or commercial position since the end of the last financial year for which audited financial statements have been published that are likely to affect its solvency.

6.3.6 Earnings forecasts and estimates

Not applicable.

6.3.7 Major contracts

There are no major contracts (other than contracts entered into in the normal course of business) that might confer on BFCM and/or its fully or proportionately consolidated subsidiaries a right or obligation impacting BFCM's capacity to meet its obligations toward the holders of securities issued by it imposed by such securities.

6.3.8 Information from third parties, experts' declarations and declarations of interest

Not applicable.

6.3.9 Legal proceedings and arbitration

During the last 12 months, BFCM has had no knowledge of any governmental, legal or arbitration proceedings in progress, pending or in preparation, that might have or which have recently had a material effect on the financial position or profitability of BFCM and/or its fully or proportionately consolidated subsidiaries.

6.4 Sundry information

6.4.1 Issuer's corporate name and trading name

BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL (BFCM)

6.4.2 BFCM's place of constitution and registration number

Strasbourg B 355 801 929

French APE/NAF code: 6419 Z

6.4.3 BFCM's date of constitution and term

The company was formed on June 1, 1933 under the name "Banque Mosellane". Except in the event of an extension or early winding up, it will cease to exist on June 1, 2032.

6.4.4 Registered office, legal form, legislation governing BFCM's activities, country of origin, telephone number of BFCM's registered office

BFCM is a French *Société Anonyme à Conseil d'Administration* (joint-stock company with a Board of Directors). As a credit institution and *société anonyme*, it is subject to a statutory audit by two registered audit firms. The statutory auditors are appointed by the company's Shareholders' Meeting for a term of six years, subject to approval by the Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel – ACP*).

BFCM is governed by the provisions of the French Commercial Code (Code de Commerce) regarding *sociétés anonymes* and by the laws applicable to French credit institutions, the bulk of which is codified in the French Monetary and Financial Code. BFCM is a member bank of Fédération Bancaire Française (FBF – French Banking Federation).

The legal documents relating to Banque Fédérative du Crédit Mutuel may be consulted at the company's registered office at 34 rue du Wacken, 67000 Strasbourg, France ☎ +33 (0)3 88 14 88 14.

Corporate purpose (Article 2 of the company's bylaws)

The company's purpose is to:

- organize and develop the diversification activities of the group that it forms with the Caisses de Crédit Mutuel within its own business scope and the Caisse Fédérale de Crédit Mutuel and the Fédération du Crédit Mutuel Centre Est Europe,
 - undertake, for its own account, on behalf of third parties or on a joint basis, in France and elsewhere, all banking operations and all connected and ancillary operations, to perform all insurance brokerage activities and, more generally, all insurance intermediation activities as well as all other operations falling within a bank's scope of activity in accordance with the regulations and prevailing legislation,
 - acquire or manage any direct or indirect shareholdings in any French or foreign companies by means of the formation of companies, contributions of companies, subscriptions or purchases of shares or equity interests, mergers, associations or shareholdings, guarantee syndicates or otherwise, and
 - generally undertake all financial, industrial, commercial, movable and immovable property operations relating directly or indirectly to the aforementioned purposes or falling within a bank's scope of activity.
- The company's purpose is also to provide investment services governed by the French Monetary and Financial Code.

Financial year

The company's financial year runs from January 1 to December 31 of each calendar year.

Appropriation of profits (Article 40 of the company's bylaws)

After allocation to the legal reserve, if the financial statements for the financial year approved by the Shareholders' Meeting show a distributable profit, the Shareholders' Meeting shall decide to allocate said profit to one or more reserve accounts whose allocation and use it shall determine, to carry it forward as retained earnings or to distribute it.

In the event of a distribution, the dividends shall in the first instance be drawn from the profits of the year just ended.

After recognizing the existence of reserves at its disposal, the Shareholders' Meeting may decide to distribute sums taken from these reserves. In this case, the decision shall expressly indicate the specific reserves from which the amounts are to be taken.

The Shareholders' Meeting approving the financial statements for the year has the option to grant each shareholder a choice between payment in cash or in shares, for all or part of the dividend distributed, in accordance with the prevailing legal provisions.

The Board of Directors may also decide to pay interim dividends, granting each shareholder a choice between payment in cash or in shares.

Shareholders' Meetings

The Shareholders' Meeting is called by the Board of Directors by publication of a notice in a journal recognized for the publication of legal notices in the location of the registered office. This notice of meeting is reproduced in the form of an individual letter sent by ordinary mail to shareholders who have held registered shares for at least one month at the date of publication of this notice.

As the capital is composed entirely of common stock, one share entitles the holder to one vote.

There are no double voting rights.

Furthermore, the bylaws do not make provision for a disclosure threshold. BFCM's capital is "closed" (see Article 10 of BFCM's bylaws, page 202).

6.4.5 Additional specific provisions relating to the issuer

Shareholder structure:

Conditions for admission of shareholders (extract from BFCM's bylaws, Article 10)

The only shareholders of the company shall be:

- ❶ Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale de Crédit Mutuel and the mutual insurance company "Assurances du Crédit Mutuel – Vie";
- ❷ Caisses de Crédit Mutuel and other cooperative and mutual bodies that are members of the Fédérations du Crédit Mutuel Centre Est Europe, du Sud-Est, d'Île-de-France, de Savoie Mont-Blanc, de Midi-Atlantique, de Loire Atlantique et Centre Ouest, du Centre, de Normandie, du Dauphiné-Vivaraais, du Méditerranéen;
- ❸ Departmental and interdepartmental Caisses and the Caisse Centrale du Crédit Mutuel covered by Article 5-1 paragraphs 3 and 4 of the decree of October 16, 1958. The subsidiaries or shareholdings of entities covered by points 2 and 3 above and which are controlled by one or more departmental and interdepartmental Caisses.
- ❹ The members of the company's Board of Directors.

Individuals or legal entities that do not fall into any of the abovementioned categories and who remain owners of shares in the company may retain their shares in their personal capacity.

The provisions of this article may be modified only after obtaining approval from the Chambre Syndicale de la Fédération du Crédit Mutuel Centre Est Europe and the Shareholders' Meeting of Caisse Fédérale de Crédit Mutuel.

Transfer of BFCM shares

The shares are fully tradable, but transfer of share ownership can take place only between legal entities or individuals meeting the above conditions, after obtaining approval from the Board of Directors (Article 11 of the company's bylaws).

Amount of the subscribed capital, number and class of shares making up the share capital

The share capital amounts to €1,324,813,250.00 and is divided into 26,496,265 shares of €50 each, all belonging to the same class.

Unissued authorized capital

None.

Financial instruments not representative of capital

The table below shows all bonds issued by BFCM, listed on Eurolist of Euronext Paris under the heading “Bonds – Private sector”.

Summary of debt instruments issued by BFCM (at December 31, 2011)

Code	Name	Year of issuance	Maturity	In issue (€ thousand)
FR0010539627	BFCM 5.10%07-15 TSR	2007	12/18/2015	300,000
FR0010615930	BFCM 5.50%08-16 TSR	2008	06/16/2016	300,000
FR0010690024	BFCM 6.10%08-16 TSR	2008	12/16/2016	500,000
FR0011138742	BFCM 5.30% 06/12/18 TSR	2011	12/06/2018	1,000,000
FR0010733626	BFCM 4.05%090413	2009	04/09/2013	400,000
FR0010762989	BFCM ZERO CPN 16/07/17	2009	07/16/2017	1,000,000
FR0010892570	BFCM 4% 16/06/20	2010	06/16/2020	300,000
FR0011018563	BFCM 4.10% 23/03/16	2011	03/23/2016	250,000
FR0011035179	BFCM 3.6% 21/04/14	2011	04/21/2014	250,000
FR0011055631	BFCM 4% 12/10/16	2011	10/12/2016	409,416

The above table comprises only the nominal amount of issues and excludes Euro Medium-Term Notes.

Convertible bonds that can be exchanged or redeemed giving access to the capital

None.

Statement of changes in capital

See page 93, “Five-year financial summary”

A cash capital increase of €22,621,000 through the creation and issue of 452,420 new shares was carried out on July 28, 2011 in order to increase BFCM’s share capital from €1,302,192,250 to €1,324,813,250.

Market for the issuer’s securities

Banque Fédérative du Crédit Mutuel’s shares are not quoted or traded on any market.

Dividends

Earnings and dividends for the last five years:

	2007	2008	2009	2010	2011
Number of shares at December 31	26,043,845	26,043,845	26,043,845	26,043,845	26,496,265 (a)
Net earnings (€/share)	9.76	-5.01	12.71	11.6	10.94
Gross dividends (€/share)	7.48		4.96		2.00 (b)
					0.83 (b)

(a): 26,043,845 shares carrying dividend rights for the full year and 452,420 new shares carrying dividend rights from July 28, 2011.

(b): The dividend paid is €2 for shares carrying dividend rights for the full year and €0.83 for new shares carrying dividend rights from July 28, 2011.

Dividends not claimed are subject to the provisions of Article (a) L.27-3 of the *Code du Domaine de l'Etat* (a) Article L.27-3 of the *Code du Domaine de l'Etat* states that:

“...Deposits of pecuniary sums and, more generally, all cash assets held at banks, credit institutions and all other establishments holding funds on deposit or in current accounts, when such deposits or assets have not been subject to any operation or claim for thirty years by those entitled to such sums, shall definitively revert to the State...”

6.4.6 Regulatory ratios*

- European solvency ratio

Information relating to the European solvency ratio is presented in the risk report on page 128.

- Large risks

Credit institutions must prove at all times that:

- the total amount of risk incurred on transactions with a given beneficiary does not exceed 25% of equity.

It is mandatory for this ratio to be compiled on a consolidated basis. At December 31, 2011, the Crédit Mutuel Centre Est Europe Group (which includes BFCM) complied with this large risks ratio.

- Liquidity ratio

This ratio measures the bank's capacity to repay its very short-term deposits and borrowings. It is the ratio between liquid assets and amounts due in the coming month. Credit institutions must maintain a ratio of at least 100% at all times. Banque Fédérative du Crédit Mutuel complied with this ratio throughout 2011 and in the first quarter of 2012. Banque Fédérative du Crédit Mutuel's liquidity ratio was:

126% at March 31, 2012 (provisional); **106%** at December 31, 2011; **107%** at December 31, 2010; **138%** at December 31, 2009.

* Figures not audited by the statutory auditors

6.5 Person responsible for the Registration Document and persons responsible for the audit of the financial statements

Person responsible for the Registration Document

Mr. Michel Lucas, Chairman and Chief Executive Officer of Banque Fédérative du Crédit Mutuel.

Certification by the person responsible

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Registration Document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I certify that, to the best of my knowledge, the financial statements are drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of all the companies included in the consolidation scope, and that the management report, the contents of which are indicated in the cross-reference table on page 209, gives a true and fair view of changes in the business, results and financial position of the company and of all the companies included in the consolidation scope as well as a description of the main risks and uncertainties faced by those companies.

I have obtained from the statutory auditors of the financial statements, KPMG Audit and Ernst & Young et Autres, a completion letter, in which they indicate that they have audited the financial position and the financial statements provided in this document and read the entire document.

The historical financial information relating to the year ended December 31, 2011 referenced in this document has been reported on by the statutory auditors, with an observation concerning the annual financial statements.

Signed in Strasbourg on April 25, 2012

Statutory Auditors

Principal Statutory Auditors

Name, address and term of office of the Statutory Auditors of Banque Fédérative du Crédit Mutuel (BFCM):

a) Ernst & Young et Autres, a simplified limited liability company (S.A.S.) with variable capital, member of the Regional Institute of Accountants of Versailles, represented by Isabelle Santenac, 1/2, place des Saisons – 92400 Courbevoie-Paris-La Défense 1.

Start date of first term of office: September 29, 1992.

Current term of office: six financial years with effect from May 12, 2010.

Renewal: the Shareholders' Meeting renewed the term of office of Ernst & Young et Autres as Statutory Auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

b) KPMG Audit, member of the Regional Institute of Accountants of Versailles, represented by Mr. Jean-François Dandé, 1 cours Valmy, 92923 Paris La Défense Cedex.

Start date of first term of office: September 29, 1992.

Current term of office: six financial years with effect from May 12, 2010.

The Shareholders' Meeting appointed KPMG as Statutory Auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

KPMG Audit was the beneficiary of a universal transfer of assets from KMT Audit (whose first term of office dates back to the Extraordinary Shareholders' Meeting of September 29, 1992) on June 30, 2009.

Alternate Statutory Auditors:

Cabinet Picarle & Associés, Malcom Mc Larty

Resignation and non-renewal

Not applicable

Statutory auditors' fees	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
<i>(€thousand, excl. VAT)</i>								
Audit								
Statutory audit, certification and review of financial statements								
- BFCM	141	104	5%	3%	135	121	3%	2%
- Fully consolidated subsidiaries	2,634	2,706	86%	88%	3,625	2,888	77%	55%
Other assignments and services directly related to the statutory auditor's audit (1)								
- BFCM	200	40	7%	1%	250	25	5%	0%
- Fully consolidated subsidiaries	11	117	0%	4%	77	235	2%	4%
Subtotal	2,986	2,967	98%	97%	4,087	3,269	87%	63%
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and employee-related	0	0	0%	0%	0	315	0%	6%
- Other	74	99	2%	3%	630	1,631	13%	31%
Subtotal	74	99	2%	3%	630	1,946	13%	37%
Total	3,060	3,066	100%	100%	4,717	5,215	100%	100%

(1) The other tasks associated with the statutory audit mainly concern the work undertaken at the request of the supervisory authority to ensure the compliance of the organization and the procedures related to regulatory requirements.

The total audit fees paid to statutory auditors which are not members of the network of one of the statutory auditors certifying the consolidated and individual financial statements of BFCM mentioned in the table above amounted to €6,272,000 for the 2011 financial year.

Chapter VII DOCUMENTS AVAILABLE TO THE PUBLIC

7.1 Documents available to the public

During the period of validity of the registration document, the following documents (or copies thereof) may be consulted:

a) By electronic means on BFCM's website (*Institutional site*).

<http://www.bfcm.creditmutuel.fr>

- Historical financial information on BFCM and the CM10-CIC Group (renamed CM11-CIC Group with effect from January 1, 2012) for each of the two financial years preceding publication of the registration document.
- This registration document and those for the two preceding financial years.
- The annual information document: *pursuant to the provisions of Articles L. 451-1-1 of the French Monetary and Financial Code and 222-7 of the General Regulations of the Autorité des Marchés Financiers, the annual information document mentions the information published or made public by the Banque Fédérative du Crédit Mutuel, its main subsidiary CIC and Groupe Crédit Mutuel Centre Est Europe to comply with these statutory and regulatory obligations. It covers the information for the last 12 months, classified by type of distribution medium.*

b) On physical media

- The issuer's deed of constitution and bylaws
- All reports, mail and other documents, historical financial information, assessments and declarations compiled by an expert at the issuer's request, a part of which is included or referred to in the registration document.
- Historical financial information on BFCM's subsidiaries for each of the two financial years preceding publication of the registration document.

By mailing a written request to:

Banque Fédérative du Crédit Mutuel
Département Juridique
34 Rue du Wacken BP 412
67002 STRASBOURG Cedex

7.2 Person responsible for the information

Mr. Marc BAUER
Chief Operating Officer of BFCM and Chief Financial Officer of CM11- CIC Group
Telephone: +33 (0)3 88 14 68 03
Email: marc.bauer@creditmutuel.fr

7.3 Registration document cross-reference table

In order to facilitate the use of the registration document, the following cross-reference table identifies the main heading required by Annex 11 of European Regulation No. 809/2004 pursuant to the so-called "Prospectus" Directive.

Registration document cross-reference table: Chapters of Annex XI of European Regulation No. 809/2004		PAGES
<i>Chapter I Persons responsible</i>		
1.1. Persons responsible for the Registration Document		205
1.2. Certification by the person responsible		205
<i>Chapter II Statutory auditors</i>		
2.1. Statutory auditors		206
2.2. Resignation and non-renewal		206
<i>Chapter III Risk factors</i>		
3. 1. Risks affecting the issuer		107-132
<i>Chapter IV Information about the issuer</i>		
4.1. History and development of the issuer		9-10
4.1.1. Issuer's legal name and commercial name		200
4.1.2. BFCM's place of registration and registration number		201
4.1.3. BFCM's date of incorporation and length of life		201
4.1.4. Domicile, legal form, legislation governing BFCM's activities, country of incorporation, telephone number of BFCM's registered office		201-202
4.1.5. Recent events particular to BFCM which are to a material extent relative to the evaluation of its solvency		200
<i>Chapter V Business overview</i>		
5.1. Main activities		
5.1.1. Principal activities of BFCM		15- 29
5.1.2. New products and/or activities		10
5.1.3. Principal markets		10-12
5.1.4. Basis for any statements in the registration document made by the issuer regarding its competitive position		12
<i>Chapter VI Organizational structure</i>		
6.1. Description of the company and of the Group		5
6.2 Dependency of the issuer on other entities within the Group		8
<i>Chapter VII Trend information</i>		
7.1. Statement on BFCM's prospects		106
7.2. Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.		106
<i>Chapter VIII Profit forecasts or estimates</i>		
<i>Chapter IX Administrative, management and supervisory bodies</i>		
9.1. Names and functions of the members of administrative bodies, BFCM management and significant main activities exercised outside of management.		30-38
9.2. Conflicts of interest of the members of the administration, management and supervisory bodies		39
<i>Chapter X Major shareholders</i>		
10.1. Indications as to whether BFCM is directly or indirectly controlled by the Group (CM10-CIC) and description of the nature of such control.		7-8
10.2 Any arrangements known to BFCM which may result in a change of its control		8
<i>Chapter XI Financial information concerning the issuer's assets and liabilities, financial position and profits and losses</i>		
11.1 Historical financial information		209
11.2 Financial statements		56-96 ; 99-106 ; 132-178

11.3.1 <u>Report of statutory auditors on historical financial information</u>	96-98 ; 178-180
11.3.2 <u>Other information audited by the statutory auditors</u>	52-53 ; 194-199
11.3.3 <u>Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements</u>	200
11.4 Date of the latest financial information	200
11.5 Interim financial information	200
11.5.1 <u>Half-year financial information</u>	200
11.6 Legal and arbitration proceedings	200
11.7 Significant changes in the issuer's financial position	200
<i>Chapter XII Material contracts</i>	200
<i>Chapter XIII Third-party information and statements by experts and declarations of any interest</i>	200
<i>Chapter XIV Documents available to the public</i>	
14.1. Documents available to the public	207
14.2. Person responsible for the information	207

Pursuant to Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the general regulations of the *Autorité des marchés financiers*, the following items are included by way of reference:

- The consolidated financial statements together with the management report, an extract from the company accounts comprising the management report for the year ended December 31, 2010 and the statutory auditor's report on the consolidated financial statements for the year ended December 31, 2010, presented on pages 14 to 24, 28 to 34, 53 to 92, 94 to 168 respectively of the registration document filed with the AMF on April 28, 2011 under no. D.11-0396 and updated on October 20, 2011 under no. D.11-0396-A01.

- The consolidated financial statements together with the management report, an extract from the company accounts comprising the management report for the year ended December 31, 2009 and the statutory auditors' report on the consolidated financial statements for the year ended December 31, 2009, presented on pages 15 to 28, 29 to 50, 52 to 90, 91 to 172 respectively of the registration document filed with the AMF on April 29, 2010 under no. D.10-0356 and updated on December 17, 2010 under no. D.10-0356-A01.

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The following thematic table identifies principal information required in the annual financial report pursuant to Article L.451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the AMF's general regulations.

Registration document cross-reference table with information required in the annual financial report	Registration document pages
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Board of Directors' management report	
<i>Financial review of 2011</i>	99-101
<i>Board of Directors</i>	30 ; 38-39
<i>BFCM's main activities</i>	181-183
<i>Information on the activities and results of the subsidiaries and companies controlled (Article L233-6 of the French Commercial Code)</i>	184-191
<i>Trends and outlook</i>	106
<i>Financial information relating to BFCM's financial statements</i>	59-60
<i>Financial information relating to BFCM's consolidated financial statements</i>	101-106
<i>Appendix to the management report (list of mandates and functions exercised during the 2010 fiscal year (Article L225-102-1 of the French Commercial Code))</i>	31-37
Financial statements	
<i>Company financial statements</i>	61-96
<i>Statutory auditors' reports on the annual financial statements</i>	96-98
<i>Consolidated financial statements</i>	132-177
<i>Statutory auditors' reports on the consolidated financial statements</i>	178-180