# Audited Consolidated Financial Statements of the CM5-CIC Group as of and for the Year Ended December 31, 2010

# Consolidated balance sheet
(in millions of euros)

## Asset

| | Notes | December 31st, 2010 | December 31st, 2009 |
|---|---|---|---|
| Cash and amounts due from central banks | 4 | 7,217 | 9,185 |
| Financial assets at fair value through profit or loss | 5, 5b | 41,229 | 52,963 |
| Derivatives used for hedging purposes | 6, 5b, 6b | 135 | 1,713 |
| Available-for-sale financial assets | 7, 5b | 76,529 | 75,723 |
| Loans and receivables due from credit institutions | 4 | 40,113 | 38,668 |
| Loans and receivables due from customers | 8 | 229,304 | 218,017 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 6 | 594 | 547 |
| Held-to-maturity financial assets | 9 | 10,733 | 9,101 |
| Current tax assets | 13 | 1,122 | 1,078 |
| Deferred tax assets | 13a | 1,362 | 1,333 |
| Accruals and other assets | 14 | 15,610 | 16,495 |
| Equity-accounted investments | 15 | 1,481 | 517 |
| Investment property | 16 | 832 | 1,123 |
| Property, plant and equipment | 17 | 2,803 | 2,781 |
| Intangible assets | 17a | 1,006 | 969 |
| Goodwill | 18 | 4,192 | 4,085 |
| **Total assets** | | **434,262** | **434,298** |

## ◆ Liabilities

| | Notes | December 31st, 2010 | December 31st, 2009 |
|---|---|---|---|
| Due to central banks | 4a | 44 | 1,265 |
| Financial liabilities at fair value through profit or loss | 5a, 5b | 34,551 | 47,841 |
| Derivatives used for hedging purposes | 6, 5b, 6b | 3,073 | 4,769 |
| Due to credit institutions | 4a | 27,850 | 40,542 |
| Due to customers | 8a | 163,467 | 149,740 |
| Debt securities | 19 | 95,035 | 87,341 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 6a | - 1,963 | - 1,782 |
| Current tax liabilities | 13 | 527 | 395 |
| Deferred tax liabilities | 13a | 939 | 1,126 |
| Accruals and other liabilities | 14a | 12,098 | 12,193 |
| Technical reserves of insurance companies | 20 | 66,018 | 61,445 |
| Provisions | 21 | 1,529 | 1,187 |
| Subordinated debt | 22 | 7,155 | 6,357 |
| Shareholders' equity | | 23,939 | 21,879 |
| Shareholders' equity – Group share | | 20,508 | 18,733 |
| Subscribed capital and issue premiums | 23 | 5,139 | 4,918 |
| *– Consolidated reserves* | *23* | *13,698* | *12,626* |
| *– Unrealised or deferred gains and losses* | *23b, 23c* | *- 291* | *- 4* |
| *– Net income for the year* | | *1,961* | *1,194* |
| Shareholders' equity - Minority interests | | 3,431 | 3,146 |
| **Total liabilities and shareholders' equity** | | **434,262** | **434,298** |

# Consolidated income statement

(in millions of euros)

| | Notes | December 31st, 2010 | December 31st, 2009 |
|---|---|---|---|
| Interest income | 25 | 16,776 | 16,714 |
| Interest expense | 25 | - 10,586 | - 11,027 |
| Commission income | 26 | 3,662 | 3,453 |
| Commission expense | 26 | - 903 | - 890 |
| Net gain (loss) on financial instruments at fair value through profit or loss | 27 | 75 | 444 |
| Net gain (loss) on available-for-sale financial assets | 28 | 125 | - 14 |
| Income from other activities | 29 | 12,648 | 11,091 |
| Expenses on other activities | 29 | - 10,909 | - 9,649 |
| **Net banking income** | | **10,889** | **10,122** |
| Operating expense | 30, 30a | - 5,846 | - 5,505 |
| Depreciation, amortization and provisions for non-current assets | 30b | - 510 | - 443 |
| **Gross operating income** | | **4,533** | **4,174** |
| Cost of risk | 31 | - 1,305 | - 1,987 |
| **Operating income** | | **3,228** | **2,187** |
| Share of income/(loss) of affiliates | 15 | 26 | 31 |
| Gains or losses on other assets | 32 | 16 | 9 |
| Change in value of goodwill | 33 | - 45 | - 124 |
| **Net income before tax** | | **3,225** | **2,103** |
| Income tax | 34 | - 884 | - 668 |
| **Net income** | | **2,341** | **1,435** |
| Net income attributable to minority interests | | 380 | 241 |
| **Net income – group share** | | **1,961** | **1,194** |

## Net income and gains and losses recognized directly in shareholders' equity

| | Notes | December 31st, 2010 | December 31st, 2009 |
|---|---|---|---|
| **Net income** | | **2,341** | **1,435** |
| Translation adjustments | | 0 | - 23 |
| Remeasurement of available-for-sale financial assets | | - 270 | 1,304 |
| Remeasurement of hedging derivative instruments | | - 45 | - 31 |
| Remeasurement of non-current assets | | 0 | 0 |
| Share of unrealized or deferred gains and losses of affiliates | | 4 | 0 |
| **Total gains and losses recognized directly in shareholders' equity** | 23b, 23c | **- 311** | **1,251** |
| **Net income and gains and losses recognized directly in shareholders' equity** | | **2,030** | **2,686** |
| *– including group share* | | *1,675* | *2,276* |
| *– including minority interests* | | *355* | *410* |

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.

# Consolidated statement of net cash flows

(in millions of euros)

| | 2010 | 2009 |
|---|---|---|
| Net income | 2,341 | 1,435 |
| Income taxes | 884 | 668 |
| **Income before income tax** | **3,225** | **2,103** |
| Net depreciation/amortization expense on property and equipment and intangible assets | 507 | 459 |
| Impairment of goodwill and other non-current assets | 2 | 1 |
| Net additions to provisions and impairment | 179 | 1,144 |
| Share of income/loss of affiliates | - 27 | - 21 |
| Net loss/gain from investment activities | - 24 | - 9 |
| Income/(expense) from financing activities | 0 | 0 |
| Other movements | - 3,094 | 3,228 |
| **Total non-monetary items included in income before tax and other adjustments** | **- 2,458** | **4,802** |
| Cash flows relating to interbank transactions | - 10,580 | - 21,594 |
| Cash flows relating to customer transactions | 679 | 20,446 |
| Cash flows relating to other transactions affecting financial assets or liabilities | 8,577 | - 10,794 |
| Cash flows relating to other transactions affecting non-financial assets or liabilities | 682 | - 2,043 |
| Taxes paid | - 911 | - 604 |
| **Net decrease/(increase) in assets and liabilities from operating activities** | **- 1,553** | **- 14,589** |
| **Cash flows from (used in) operating activities** | **- 787** | **- 7,684** |
| Cash flows relating to financial assets and investments in non-consolidated companies | - 468 | 1,272 |
| Cash flows relating to investment property | - 126 | - 193 |
| Cash flows relating to property, plant, equipment and intangible assets | - 397 | - 559 |
| **Cash flows from (used in) investing activities** | **- 991** | **521** |
| Cash flows relating to transactions with shareholders | - 10 | 977 |
| Other net cash flows relating to financing activities | 3,097 | - 2,091 |
| **Cash flows from (used in) financing activities** | **3,087** | **- 1,115** |
| **Impact of movements in exchange rates on cash and cash equivalents** | **127** | **19** |
| **Net increase (decrease) in cash and cash equivalents** | **1,437** | **- 8,259** |
| Net cash flows from (used in) operating activities | - 787 | - 7,684 |
| Net cash flows from (used in) investing activities | - 991 | 520 |
| Net cash flows from (used in) financing activities | 3,087 | - 1,115 |
| Impact of movements in exchange rates on cash and cash equivalents | 127 | 19 |
| **Cash and cash equivalents at beginning of year** | **4,292** | **12,551** |
| Cash accounts and accounts with central banks | 7,920 | 14,152 |
| Demand loans and deposits – credit institutions | - 3,628 | - 1,600 |
| **Cash and cash equivalents at end of year** | **5,729** | **4,292** |
| Cash accounts and accounts with central banks | 7,173 | 7,920 |
| Demand loans and deposits – credit institutions | - 1,444 | - 3,628 |
| **Change in cash and cash equivalents** | **1,437** | **- 8,259** |

# Consolidated statement of changes in shareholders' equity

(in millions of euros)

| | Capital stock | Additional paid in capital | Retained earnings [1] | Translation reserve |
|---|---|---|---|---|
| **Shareholders' equity at January 1st, 2009** | **3,697** | **6** | **12,363** | **- 43** |
| Capital increase | 1,156 | | | |
| Appropriation of 2008 earnings | | | 353 | |
| 2009 dividend paid out of 2008 earnings | | | - 114 | |
| Sub-total: movements arising from shareholder relations | 1,156 | 0 | 239 | 0 |
| Change of unrealised or deferred gains and losses recognized in shareholder's equity | | | | |
| **2009 net income** | | | | |
| **Sub-total** | **0** | **0** | **0** | **0** |
| Impact of changes in group structure | 65 | - 6 | 60 | |
| Translation adjustments | 0 | | | 7 |
| Variation of the rates of conversion | 0 | 0 | | |
| **Shareholders' equity at December 31st, 2009** | **4,918** | **0** | **12,662** | **- 36** |
| **Shareholders' equity at January 1st, 2010** | **4,918** | **0** | **12,662** | **- 36** |
| Capital increase | 222 | | | |
| Appropriation of 2009 earnings | | | 1,194 | |
| 2010 dividend paid out of 2009 earnings | | | - 172 | |
| Sub-total: movements arising from shareholder relations | 222 | 0 | 1,022 | 0 |
| Change of unrealised or deferred gains and losses recognized in shareholder's equity | | | | |
| **2010 net income** | | | | |
| **Sub-total** | **0** | **0** | **0** | **0** |
| Impact of changes in group structure | | | 9 | |
| Translation adjustments | 0 | | | 42 |
| Other movements | 0 | 0 | 0 | - 1 |
| **Shareholders' equity at December 31st, 2010** | **5,139** | **0** | **13,693** | **5** |

1. Reserves at December 31st, 2010 include a legal reserve of 56 million euros, regulatory reserves for a total of 1,503 million euros and other reserves amounting to 12,134 million euro.

| Unrealized or deferred gains and losses, net of tax | | Net income attributable to equity holders of the parent company | Equity attributable to equity holders of the parent company | Non-controlling interests | Total consolidated shareholder' equity |
|---|---|---|---|---|---|
| Relating to changes in fair value of available-for-sale financial assets | Relating to changes in fair value of hedging dérivative instruments | | | | |
| **- 1,074** | **- 12** | **353** | **15,290** | **2,218** | **17,508** |
| | | | 1,156 | | 1,156 |
| | | - 353 | 0 | | 0 |
| | | | - 114 | - 65 | - 179 |
| 0 | 0 | - 353 | 1,042 | - 65 | 977 |
| 1,063 | - 31 | | 1,032 | 169 | 1,201 |
| | | **1,194** | **1,194** | **241** | **1,435** |
| **1,063** | **- 31** | **1,194** | **2,226** | **410** | **2,636** |
| 50 | | | 169 | 582 | 751 |
| | 0 | | 0 | | |
| | | | 7 | 1 | 8 |
| **39** | **- 43** | **1,194** | **18,733** | **3,146** | **21,879** |
| **39** | **- 43** | **1,194** | **18,733** | **3,146** | **21,879** |
| | | | 222 | | 222 |
| | | - 1,194 | | 0 | 0 |
| | | | - 172 | - 60 | - 232 |
| 0 | 0 | - 1,194 | 50 | - 60 | - 10 |
| - 241 | - 45 | | - 286 | - 24 | - 311 |
| | | **1,961** | **1,961** | **380** | **2,341** |
| **- 241** | **- 45** | **1,961** | **1,675** | **355** | **2,030** |
| | | | 9 | - 23 | - 13 |
| | | | 42 | 12 | 54 |
| 0 | 0 | 0 | - 1 | 0 | - 1 |
| **- 202** | **- 89** | **1,961** | **20,508** | **3,431** | **23,939** |

# Notes to the consolidated financial statements

# Accounting principles and methods

## Note 1.1 Accounting reference system

In application of Regulation (EC) 1606/2002 on the application of the international accounting standards and Regulation (EC) 1126/2008 on their adoption, the consolidated financial statements for the financial year have been drawn up according to the IFRS reference system adopted by the European Union on the closing date of the financial year. This IFRS reference system includes the IAS standards 1 to 41, IFRS rules 1 to 8 and their SIC and IFRIC interpretations adopted on that date. No standard not adopted by the European Union is applied. The summary documents are presented according to recommendation CNC 2009-R.04.

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

The risk management information required under standard IFRS 7 is addressed in a special section of the management report.

| Standards IAS / IFRS | Name of the standard | Date application in European Union | Consequences of application |
|---|---|---|---|
| **New accounting texts in application from January 1st, 2010** | | | |
| IAS 27 | Consolidated and Separate Financial Statements | June 15th, 2009 | Forward-looking application |
| IFRS 3R | Business Combinations | July 1st, 2009 | Since January 1st, 2010 |
| **Amendments of existing standards** | | | |
| IFRS 1 | First Time Adoption of IFRS | November 29th, 2009 | No impact |
| | Improvements to IFRSS | March 27th, 2010 | No impact |
| IFRS 2 | Group Cash-settled Share-based Payment Transactions | March 27th, 2010 | No impact |
| IFRS 1 | Additional Exemptions for First-Time Adopters | June 27th, 2010 | No impact |
| **Interpretations** | | | |
| IFRIC 12 | Service Concession Arrangements | March 29th, 2009 | No impact |
| IFRIC 15 | Agreements for the Construction of Real Estate | July 26th, 2009 | No impact |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | June 8th, 2009 | No impact |
| IFRIC 17 | Distributions of Non-cash Assets to Owners | November 30th, 2009 | No impact |
| IFRIC 18 | Transfers of Assets from Customers | December 4th, 2009 | No impact |
| **Standards and interpretations adopted by the European Union not yet applied** | | | |
| **Amendments of existing standards** | | | |
| IAS 24 R | Information relative to the bound parts | Required application as of January 1st, 2010 | not significant |
| IAS 32 | Financial instruments - presentation | Required application as of January 1st, 2010 | The amendment concerns the classification of the broadcasts of rights: not concerned |
| **Interpretations** | | | |
| IFRIC 14 | Amendment: pre-payments of the requirements of minimal financing | Required application as of January 1st, 2011 | Not concerned |
| IFRIC 19 | Extinction of financial liabilities by means of instruments of stockholders' equities | Required application as of January 1st, 2011 | Not concerned |

## Note 1.2 Scope and methods of consolidation

### ◆ Consolidating entity

The Crédit Mutuel CM5 Group (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique) is a mutual banking group with membership of a central body in the meaning of articles L 511-30 et sequentes of the monetary and financial code. The local branches of the Crédit Mutuel, which are fully held by members, are at the base of the Group, using a capital control structure that is an upside-down pyramid.

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

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

Thus, the consolidating entity is made up of:

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

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

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

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

The CM5-CIC Group became CM10-CIC on January 1st, 2011, when the Crédit Mutuel Loire-Atlantique and Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranéen Federations joined the Caisse Fédérale de Crédit Mutuel.

### ◆ Scope of consolidation

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

***The scope of consolidation consists of:***

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

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

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

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

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

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

## Changes to the scope

The changes to the scope at December 31st, 2010 are as follows:

***Entries into the consolidation***

– Subsidiaries of the banking network: Banco Popular Hipotecario (temporary naming of the partnership Credit Mutuel/Banco Popular), Morrocan Bank of the Foreign trade (BMCE).

– Banks of financing and activities of market: Diversified Debt Securities SICAV-SIF, Divhold.

– Private bank: transatlantic Singapore Private Ltd bank, Serficom Brasil.

– Other societies: top and Mag, Distripub, is Printing office, Governed Europe, Republican Group of Lorraine Communication (GRLC), Republican Group of Lorraine Printing offices (GRLI), Michel printing office, Inter' print, The east Freedom, Alsace, Alsace Magazines Publishing (Editions), The Republican inhabitant of Lorraine, The Publishing (Editions) of the Chessboard, Lumédia, Mediaportage, Republican of Lorraine Communication, TV Republican of Lorraine news, of Lorraine Republican Journeys, Roto Offset Imprimerie, SCI Alsace, SCI writing, SCI Gutenberg, SCI reed of Gold, Civil society of Management of Parts in Alsace (SCGPA), French Company of Edition of newspapers and commercial printed matters Alsace (SFEJICA), Sofiliest.

– Fusions / absorptions: deckchair Finances with BLC management, CIC investment Alsace with CIC Finances, CIC investment is with CIC investment, CIC investment North with CIC investment, Sodelem with CM-CIC lease and Crefidis with Cofidis.

## Methods of consolidation

The methods of consolidation used are as follows:

***Global integration***

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

***Proportional integration***

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

***Equity accounting***

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

## Closing date

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

## Elimination of reciprocal transactions

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

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

***Conversion of accounts in foreign currencies***

Concerning the accounts of foreign entities expressed in other currencies, the balance sheet is converted on the basis of the official exchange rate on the balance sheet date. The difference in the capital, reserves and balance carried forward is entered into the shareholders' equity, in the "Conversion reserves". The income statement is converted on the basis of the average rate over the financial year (the Group considers that the difference with the application of the course in the dates of transaction is not significant in this particular case). The resulting conversion differences are entered directly in the "Conversion reserves" account. This difference is reintegrated into the result in the event of the assignment or liquidation of all or a part of the stake held in the foreign entity.

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

## Goodwill

***Purchase price discrepancy***

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

***Goodwill***

In accordance with IFRS 3R, on the date of the acquisition of control of a new entity, the assets and liabilities and any identifiable liabilities of the acquired entity that meet the accounting criteria of the IFRS standards are valued at their fair value on the date of acquisition, with the exception of non current assets listed as assets held for the purposes of sale, which are entered at their fair value less sales costs. IFRS 3R allows the entry of total or partial goodwill, with the choice being made for each grouping. In the first case, minority interests are valued at their fair value (so-called total goodwill method); in the second, they are based on their share in the values given to the assets and liabilities of the acquired entity (partial goodwill). If the goodwill is positive, it is entered as an asset; otherwise, it is immediately entered in the income, as the "net positive effect of business combination".

If the percentage of interest of the Group in an entity already under its control is increased or decreased, the difference between the acquisition cost and transfer price of the shares and the share of the consolidated equity accounted for by those securities on the date of their acquisition or transfer is entered in the equity.

The goodwill is presented as a distinct item of the balance sheet of companies subject to overall integration and under the item "Holding in companies with equity accounting" when the entities are consolidated using that method.

Goodwill no longer includes the direct costs relating to the acquisitions, which are booked in the income according to IFRS 3R.

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

### ◆ Minority interest

These are holdings that do not lead to control, as defined in the standard IAS 27, and include the instruments that are current interest shares, which do not give rise to a share of the net assets in case of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

## Note 1.3 Accounting principles and methods

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

– the use of the fair value or of a revaluation as the presumed cost of the fixed assets at the time of the conversion: this option may apply to any tangible fixed asset, any intangible asset that meets the revaluation criteria, or any investment property valued on the basis of the cost. The Group has chosen not to use this option;
– the immediate recognition as shareholders' equity of actuarial gains/losses relating to staff benefits has not been applied by the Group;
– the Group opted to reset the conversion reserves to zero;
– the valuation at the market price of certain liabilities issued by the company not belonging to the trading book;
– the eligibility for fair value hedging relationships of macro hedging operations carried out as part of the assets-liabilities management of fixed rate positions (including in particular clientele sight deposits) authorised by Regulation n° 2086/2004 of the European Commission, was applied by the Group;
– the Group used the IAS 39 amendment of October 2008, which permits the reclassification of certain financial instruments recognized at fair value in loans or receivables or assets held until their term. Reclassifications into assets available for sale are also possible.

### Note 1.3.1 Loans and receivables

Loans and receivables are fixed or determinable income financial assets not listed on an active market. They include loans granted directly or the share in the context of syndicated loans, acquired loans and unlisted debt securities. They are recognised at their market value when they are entered into the balance sheet, which is generally the net amount paid out.

The rates applied are presumed to be market rates insofar as the scales are adjusted permanently according in particular to the rates of the great majority of competing institutions. These outstanding amounts are then valued at the following closing dates at the depreciated cost by using the effective interest rate method (except for those that have been entered into the accounts according to the fair value by option method).

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

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

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

### ◆ Individual diminution in value of loans

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

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

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

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

### ◆ Collective diminution in value of loans

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

## Note 1.3.3 Lease contracts

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

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

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

### ◆ Lessor direct financing lease operations

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

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

- recognising a financial claim on the client, depreciated by the rents received;
- breaking down the rents into, on the one hand, the interest and, on the other, the amortisation of the capital, called financial amortisation;
- recognising a net hidden reserve, equal to the difference between:
  – the net financial liabilities: the lessee's debt constituting the capital remaining due and the accrued interest at the end of the financial year;
  – the net book value of the fixed assets leased;
  – the provision for deferred tax.

### ◆ Lessee direct financing lease operations

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

## Note 1.3.4 Securities acquired

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

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

***Classification***

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

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

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

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

***Basis for assessment and recognition of expenses and income***

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

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

***Fair value or market value***

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

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

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

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

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

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

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

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

***Classification criteria and rules for transfer***

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

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

### ◆ Available-for-sale financial assets

***Classification***

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

***Basis for assessment and recognition of expenses and income***

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

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

***Depreciation of debt instruments available to trading***

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

***Depreciation of capital instruments available for trading***

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

As regards equity instruments, it is considered that a devaluation of at least 50% in relation to its cost of acquisition or over a period of over 36 consecutive months leads to diminution in value. The analysis is carried out individually for each item. A judgement is also made for securities that do not fulfil the criteria above, but where the Group believes the invested amount cannot reasonably be expected to be recovered in the near future.

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

***Classification criteria and rules for transfer***

Fixed-interest securities may be reclassified:

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

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

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

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

### ◆ Financial assets held to maturity

***Classification***

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

#### *Measurement basis and recognition of costs and income*

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

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

#### *Depreciation*

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

#### *Classification criteria and rules for transfer*

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

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

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

### ◆ Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, in accordance with what has been defined by standard IFRS 7:
– Level 1: quoted prices in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

### ◆ Derivatives and hedge accounting

#### *Financial instruments at fair value through profit or loss – derivatives*

A derivative is a financial instrument:
– whose fair value depends on an interest rate, the price of financial instruments, the price of raw materials, an exchange rate, a price, rate or credit index or another variable known as an underlying;
– which requires a low net investment or no investment or one lower than a non-derivative financial instrument to have the same sensitivity to the variation in the underlying;
– which is unwound at a future date.

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

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

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

#### *Embedded derivatives*

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

This derivative is detached from the host contract to be accounted for separately as at a derivative instrument fair value through profit or loss when the three following conditions are met:
– the hybrid instrument hosting this embedded derivative is not valued at fair value through profit or loss;
– the economic characteristics of the derivative and its related risks are not considered as closely linked to those of the host contract;
– the distinct valuation of the embedded derivative to be separated is sufficiently reliable to provide relevant information.

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

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

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

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

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

***Hedge accounting***

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

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

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

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

***Fair value hedging***

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

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

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

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

***Fair value hedging by portfolio of the interest rate risk***

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

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

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

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

***Cash flow hedging***

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

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

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

◆ **Reclassification of debt instruments**

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

a. "Held to maturity", only in a few rare cases, in the case of change of intent, and if eligible under the conditions for classification in this category;
b. "Loans and receivables", in the case of change of intent, ability of holding within a foreseeable future or until term and if eligible under the conditions for classification in this category;
c. "Available for trading", only in  a few rare cases.
Fixed income securities or debt securities available for trading may be reclassified in the following categories:
a. "Held to maturity", in the case of change of intent or ability, and under the condition that they be eligible under the conditions of this category;
b. "Loans and receivables", in the case of intent or ability of holding the financial asset in the foreseeable future or until the term and under the condition that they be eligible under the conditions of this category.

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

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

## Note 1.3.5 Debts represented by a security

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

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

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

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

## Note 1.3.6 Subordinated debts

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

## Note 1.3.7 Distinction between debts and shareholders' equity

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

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

## Note 1.3.8 Provisions

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

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

The provisions constituted by the Group cover in particular:

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

## Note 1.3.9 Debts on the clientele and on the credit institutions

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

◆ **Regulated savings contracts**

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

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

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

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

## Note 1.3.10 Cash and cash equivalents

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

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

## Note 1.3.11 Employee benefits

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

***Post-employment schemes with defined benefits***

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

The commitments are calculated according to the projected unit credit method, which consists of allocating the benefit entitlement to periods of service in application of the contractual formula for the calculation of the scheme's benefits, then updated on the basis of demographic and financial hypotheses such as:

– the discount rate determined by reference to the rate of long-term bonds of borrowings of companies of the first category at the end of the fiscal year;

– the rate of increase in salaries, measured according to age group, management/non-management categories and regional characteristics;

– inflation rates, estimated by comparison between the rate of the OAT (French treasury bond) and the OAT inflated for the different maturities;

– the rate of employee mobility, determined by age group, on the basis of the mean ratio over 3 years of the number of resignations and dismissals in relation to the number of employees on permanent contracts present at the end of the financial year;

– retirement age: the estimation is carried out individually on the basis of the actual or estimated date of entry into employment and hypotheses relating to the retirement reform law, with a maximum limit of 67 years;

– the mortality rate according to INSEE table TH/TF 00-02.

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

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

***Complementary pension plans depending on pension funds***

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

***Other post-employment benefits with defined benefits***

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

***Post-employment benefits with defined contributions***

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

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

***Long-term benefits***

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

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

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

***Additional pensions of employees***

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

The employees of the CM5 Group benefit from two additional schemes, one with definite contributions and one with definite benefits. Entitlements to definite contributions are valid even if the employee leaves the company, unlike entitlements under the definite benefits scheme, which are only valid if they leave the company to go into retirement. The total commitment was 670 million euros on December 31st, 2010, covered by 662 million euros as special technical provisions and 31 million euros as mathematical provisions of agreements with definite benefits entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

For their part, the employees of the CIC Group have additional retirement cover with definite contributions from ACM Vie SA, in addition to their mandatory retirement schemes. The total commitment was 256 million euros on December 31st, 2010, covered by 271 million euros as special technical provisions entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

***End-of-contract payments***

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

***Short-term benefits***

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

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

## Note 1.3.12 Insurance activities

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

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

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

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

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

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

## Note 1.3.13 Fixed assets

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

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

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

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

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

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

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

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

The ranges of depreciation periods used are:

***Tangible fixed assets:***

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

***Intangible fixed assets:***

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

(if acquisition of a portfolio of clientele contracts).

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

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

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

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

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

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

## Note 1.3.14 Tax on profit or loss

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

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

### ◆ Deferred tax

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

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

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

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

Deferred tax is not the subject of discounting.

## Note 1.3.15 Interest covered by the State on certain loans

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

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

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

## Note 1.3.16 Financial guarantees and financing commitments

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

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

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

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

## Note 1.3.17 Operations in foreign currencies

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

***Monetary financial assets or liabilities***

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

***Non-monetary financial assets or liabilities***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The activities are as follows:

– The retail bank includes the branches of Crédit Mutuel CM5, the regional banks of the CIC, Targobank in Germany, Cofidis, Banco Popular Espagne, Banque Marocaine du Commerce Extérieur as well as the all the specialised activities in which the network is involved: real estate leasing, factoring, collective management, employee savings schemes, property.

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

– The financing and market activities cover:

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

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

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

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

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

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

## Breakdown of the statement of financial position items by business line

### Assets 2010

| | Retail banking | Insurance |
|---|---|---|
| Cash, central banks, post office banks – Assets | 1,774 | 0 |
| Financial assets at fair value through profit or loss | 190 | 12,196 |
| Hedging derivative instruments – Assets | (17) | 0 |
| Available-for-sale financial assets | 943 | 47,032 |
| Loans and receivables due from credit institutions | 20,307 | 16 |
| Loans and advances to customers | 206,183 | 264 |
| Held-to-maturity financial assets | 68 | 9,736 |
| Equity-accounted investments | 596 | 325 |

### Liabilities 2010

| | Retail banking | Insurance |
|---|---|---|
| Cash, central banks, post office banks – Liabilities | 0 | 0 |
| Financial assets at fair value through profit or loss | 74 | 2,154 |
| Hedging derivative instruments – Liabilities | 1,026 | 0 |
| Amounts due to credit institutions | 0 | 0 |
| Amounts due to customers | 130,829 | 57 |
| Debt securities in issue | 22,112 | 0 |

### Assets 2009

| | Retail banking | Insurance |
|---|---|---|
| Cash, central banks, post office banks – Assets | 3,115 | 0 |
| Financial assets at fair value through profit or loss | 152 | 12,885 |
| Hedging derivative instruments – Assets | 1,085 | 50 |
| Available-for-sale financial assets | 840 | 42,448 |
| Loans and receivables due from credit institutions | 21,785 | 11 |
| Loans and advances to customers | 194,659 | 261 |
| Held-to-maturity financial assets | 63 | 7,509 |
| Equity-accounted investments | 267 | 262 |

### Liabilities 2009

| | Retail bank | Insurance |
|---|---|---|
| Cash, central banks, post office banks – Liabilities | 0 | 0 |
| Financial assets at fair value through profit or loss | 78 | 1 |
| Hedging derivative instruments – Liabilities | 2,223 | 0 |
| Amounts due to credit institutions | 0 | 0 |
| Amounts due to customers | 117,674 | 48 |
| Debt securities | 20,251 | 0 |

| Financing and capital markets | Private banking | Private equity | Logistics and holding company | Total |
|---|---|---|---|---|
| 3,978 | 449 | 0 | 1,016 | 7,217 |
| 26,782 | 113 | 1,653 | 295 | 41,229 |
| (202) | 8 | 0 | 347 | 135 |
| 22,614 | 4,816 | 3 | 1,120 | 76,529 |
| 15,252 | 4,437 | 6 | 95 | 40,113 |
| 16,641 | 5,629 | 0 | 588 | 229,304 |
| 339 | 6 | 0 | 585 | 10,733 |
| 0 | 1 | 0 | 559 | 1 481 |

| Financing and capital markets | Private banking | Private equity | Logistics and holding company | Total |
|---|---|---|---|---|
| 0 | 44 | 0 | 0 | 44 |
| 32,200 | 162 | 0 | (39) | 34,551 |
| 1,561 | 423 | 0 | 63 | 3,073 |
| 27,506 | 344 | 0 | 0 | 27,850 |
| 6,744 | 13,621 | 0 | 12,215 | 163,467 |
| 70,231 | 32 | 0 | 2,659 | 95,035 |

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

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

## Breakdown of the income statement items by business line

### December 31st, 2010

| | Retail banking | Insurance | Financing and capital markets |
|---|---|---|---|
| Net banking income | 8,401 | 1,198 | 1,074 |
| General and administrative expense | - 4,890 | - 367 | - 262 |
| **Gross operating income** | **3,511** | **831** | **812** |
| Net additions to (reversals of) provisions for loan losses | - 1,154 | 0 | - 32 |
| Net gain (loss) on disposal of other assets | 30 | - 3 | 0 |
| **Net income before tax** | **2,388** | **828** | **780** |
| Income tax | - 800 | - 144 | - 190 |
| Net income | 1,588 | 684 | 590 |
| Non-controlling interests | | | |
| **Net income – group share** | | | |

### December 31st, 2009 pro-forma

| | Retail banking | Insurance | Financing and capital markets |
|---|---|---|---|
| Net banking income | 7,661 | 956 | 1,532 |
| General and administrative expense | - 4,681 | - 364 | - 271 |
| **Gross operating income** | **2,980** | **593** | **1,262** |
| Provision for credit losses | - 1,538 | 0 | - 379 |
| Net gain (loss) on disposal of other assets [1] | 22 | 21 | 0 |
| **Net income before tax** | **1,464** | **614** | **882** |
| Income tax | - 497 | - 165 | - 273 |
| **Net income** | **967** | **448** | **610** |
| Non-controlling interests | | | |
| **Net income – group share** | | | |

To make the accounts comparable between 2009 and 2010, 2009 amounts were restated for the following impacts:
a. Impact of reclassifications between “retail banking” and “inter-businesses” (no effect on net accounting income)
1. Retail Banking: Net banking income (-31) General and administrative expenses (+31)
3. Inter-businesses: Net banking income (+31) General and administrative expenses (-31)
b. Impact of reclassifications between “Logistics and holding company” and “inter-businesses” (no effect on net accounting income)
2. Logistics and holding company: Net banking income (-208) General and administrative expenses (+208)
3. Inter-businesses: Net banking income (+208) General and administrative expenses (-208)

| Private banking | Private equity | Logistics and holding company | Inter-businesses | Total |
|---|---|---|---|---|
| 404 | 191 | 103 | - 482 | 10,889 |
| - 320 | - 35 | - 963 | 482 | - 6,355 |
| **84** | **155** | **- 860** | | **4,533** |
| - 15 | 0 | - 105 | | - 1,305 |
| 1 | 0 | - 32 | | - 3 |
| **71** | **155** | **- 997** | | **3,225** |
| - 8 | - 3 | 261 | | - 884 |
| 62 | 153 | - 737 | | 2,341 |
| | | | | 380 |
| | | | | **1,961** |

| Private banking | Private equity | Logistics and holding company [2] | Inter-businesses [3] | Total |
|---|---|---|---|---|
| 397 | 49 | - 104 | - 369 | 10,122 |
| - 303 | - 28 | - 671 | 369 | - 5,949 |
| **94** | **21** | **- 775** | | **4,174** |
| 1 | 0 | - 71 | | - 1,987 |
| 0 | 0 | - 126 | | - 83 |
| **95** | **21** | **- 972** | | **2,103** |
| - 24 | - 1 | 293 | | - 668 |
| **70** | **20** | **- 680** | | **1,435** |
| | | | | 241 |
| | | | | **1,194** |

## Breakdown of the statement of financial position items by geographic region

### Assets

| | December 31st, 2010 | | |
|---|---|---|---|
| | France | Europe excluding France | Other countries [1] |
| Cash, central banks, post office banks – Assets | 2,074 | 1,166 | 3,977 |
| Financial assets at fair value through profit or loss | 38,562 | 1,080 | 1,586 |
| Hedging derivative instruments – Assets | 124 | 10 | 1 |
| Available-for-sale financial assets | 69,099 | 6,189 | 1,241 |
| Loans and receivables due from credit institutions | 32,330 | 4,841 | 2,942 |
| Loans and advances to customers | 204,849 | 21,371 | 3,084 |
| Held-to-maturity financial assets | 10,727 | 6 | 0 |
| Equity-accounted investments | 840 | 173 | 468 |

### Liabilities

| | December 31st, 2010 | | |
|---|---|---|---|
| | France | Europe excluding France | Other countries [1] |
| Cash, central banks, post office banks – Liabilities | 0 | 44 | 0 |
| Financial assets at fair value through profit or loss | 32,843 | 1,518 | 190 |
| Hedging derivative instruments – Liabilities | 2,623 | 426 | 23 |
| Amounts due to credit institutions | 10,596 | 13,486 | 3,768 |
| Amounts due to customers | 140,005 | 22,539 | 924 |
| Debt securities | 77,244 | 9,985 | 7,805 |

1. USA, Singapore, Tunisia and Morocco.

## Breakdown of the income statement items by geographic region

| | December 31st, 2010 | | |
|---|---|---|---|
| | France | Europe excluding France | Other countries [1] |
| Net banking income [2] | 8,534 | 2,011 | 343 |
| General and administrative expense | - 4,952 | - 1,330 | - 74 |
| **Gross operating income** | **3,582** | **681** | **269** |
| Net additions to (reversals of) provisions for loan losses | - 524 | - 602 | - 180 |
| Net gain (loss) on disposal of other assets [3] | - 25 | - 12 | 33 |
| **Net income before tax** | **3,034** | **68** | **122** |
| Net income | 2,172 | 58 | 110 |
| **Net income – group share** | **1,853** | **10** | **98** |

1. USA, Singapore, Tunisia and Morocco.
2. In 2010, 24% of the Net banking income (excluding Logistics and holding business line) came from foreign operations.
3. Including net profit of the entities put in equivalence and the losses of value on goodwill.

| | December 31st, 2009 | | | |
|---|---|---|---|---|
| Total | France | Europe excluding France | Other countries [1] | Total |
| 7,217 | 5,850 | 2,280 | 1,055 | 9,185 |
| 41,229 | 52,301 | 285 | 377 | 52,963 |
| 135 | 1,679 | 32 | 3 | 1,713 |
| 76,529 | 68,531 | 6,306 | 886 | 75,723 |
| 40,113 | 30,201 | 5,509 | 2,959 | 38,668 |
| 229,304 | 194,568 | 20,572 | 2,877 | 218,017 |
| 10,733 | 9,096 | 6 | 0 | 9,101 |
| 1,481 | 94 | 163 | 260 | 517 |

| | December 31st, 2009 | | | |
|---|---|---|---|---|
| Total | France | Europe excluding France | Other countries [1] | Total |
| 44 | 0 | 1,265 | 0 | 1,265 |
| 34,551 | 43,440 | 4,205 | 195 | 47,841 |
| 3,073 | 4,299 | 465 | 4 | 4,769 |
| 27,850 | 26,870 | 11,592 | 2,081 | 40,542 |
| 163,467 | 125,742 | 23,136 | 862 | 149,740 |
| 95,035 | 70,877 | 11,413 | 5,051 | 87,341 |

| | December 31st, 2009 | | | |
|---|---|---|---|---|
| Total | France | Europe excluding France | Other countries [1] | Total |
| 10,889 | 7,882 | 1,926 | 314 | 10,122 |
| - 6,356 | - 4,650 | - 1,231 | - 68 | - 5,949 |
| **4,533** | **3,232** | **695** | **246** | **4,174** |
| - 1,305 | - 946 | - 766 | - 274 | - 1,987 |
| - 3 | - 112 | - 0 | 29 | - 83 |
| **3,225** | **2,173** | **- 71** | **1** | **2,103** |
| 2,341 | 1,494 | - 30 | - 29 | 1,435 |
| **1,961** | **1,242** | **- 20** | **- 28** | **1,194** |

## Note 3 Composition of the scope of consolidation

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

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | % Control | % Interest | Method [1] | % Control | % Interest | Method [1] |
| **Banking income** | | | | | | |
| Banque de l'Economie du Commerce et de la Monétique | 96 | 92 | IG | 99 | 94 | IG |
| Banque du Crédit Mutuel Ile-de-France (BCMI) | 100 | 96 | IG | 100 | 96 | IG |
| CIC Ouest (ex-CIC Banque CIO-BRO) | 100 | 89 | IG | 100 | 89 | IG |
| CIC Banque Nord-Ouest (ex-CIC Banque Scalbert Dupont – CIN) | 100 | 89 | IG | 100 | 89 | IG |
| Caisse Agricole du Crédit Mutuel | 100 | 100 | IG | 100 | 100 | IG |
| Crédit Industriel et Commercial (CIC) | 93 | 89 | IG | 92 | 89 | IG |
| CIC Est | 100 | 89 | IG | 100 | 89 | IG |
| CIC Iberbanco | 100 | 96 | IG | 100 | 96 | IG |
| CIC Lyonnaise de Banque (LB) | 100 | 89 | IG | 100 | 89 | IG |
| CIC Sud-Ouest (ex-Société Bordelaise de CIC (SBCIC)) | 100 | 89 | IG | 100 | 89 | IG |
| Targobank AG & Co. KGa A | 100 | 96 | IG | 100 | 96 | IG |
| **Subsidiaries of the banking income** | | | | | | |
| Banco Popular Hipotecario | 50 | 48 | IP | | | NC |
| Banque de Tunisie | 20 | 19 | ME | 20 | 19 | ME |
| Banque Marocaine du Commerce Exterieur (BMCE) | 25 | 24 | ME | | | NC |
| Banca Popolare di Milano | 5 | 4 | ME | 5 | 4 | ME |
| Caisse Centrale du Crédit Mutuel | 26 | 26 | ME | 26 | 26 | ME |
| CM-CIC Asset Management | 84 | 80 | IG | 84 | 80 | IG |
| CM-CIC Bail | 100 | 89 | IG | 100 | 88 | IG |
| CM-CIC Covered Bonds | 100 | 96 | IG | 100 | 96 | IG |
| CM-CIC Epargne salariale | 100 | 89 | IG | 100 | 89 | IG |
| CM-CIC Gestion | 100 | 89 | IG | 100 | 89 | IG |
| CM-CIC Laviolette Financement | 100 | 89 | IG | 100 | 89 | IG |
| CM-CIC Lease | 100 | 92 | IG | 100 | 92 | IG |
| CM-CIC Leasing Benelux | 100 | 89 | IG | 100 | 88 | IG |
| CM-CIC Leasing GmbH | 100 | 89 | IG | 100 | 88 | IG |
| Cofidis Argentine | 66 | 22 | IG | 66 | 22 | IG |
| Cofidis Belgique | 100 | 33 | IG | 100 | 33 | IG |
| Cofidis Espagne | 100 | 33 | IG | 100 | 33 | IG |
| Cofidis France | 100 | 33 | IG | 100 | 33 | IG |

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | % Control | % Interest | Method [1] | % Control | % Interest | Method [1] |
| Cofidis Italie | 100 | 33 | IG | 100 | 33 | IG |
| Cofidis République tchèque | 100 | 33 | IG | 100 | 33 | IG |
| Cofidis Roumanie | 100 | 33 | IG | 100 | 33 | IG |
| Cofidis Slovaquie | 100 | 33 | IG | 100 | 33 | IG |
| Creatis | 100 | 33 | IG | 100 | 33 | IG |
| Crefidis | | | FU | 100 | 33 | IG |
| C2C | 100 | 33 | IG | 100 | 33 | IG |
| Factocic | 85 | 79 | IG | 51 | 49 | IG |
| FCT CM-CIC Home loans | 100 | 96 | IG | 100 | 96 | IG |
| Monabanq | 100 | 33 | IG | 66 | 22 | IG |
| Saint-Pierre SNC | 100 | 89 | IG | 100 | 89 | IG |
| SCI La Tréflière | 100 | 98 | IG | 100 | 98 | IG |
| Sofim | 100 | 89 | IG | 100 | 89 | IG |
| SOFEMO – Société Fédérative Europ. de Monétique et de Financement | 100 | 93 | IG | 100 | 93 | IG |
| Targo Dienstleistungs GmbH | 100 | 96 | IG | 100 | 96 | IG |
| Targo Finanzberatung GmbH | 100 | 96 | IG | 100 | 96 | IG |
| **Financing and market operations banks** | | | | | | |
| Banque Fédérative du Crédit Mutuel | 96 | 96 | IG | 96 | 96 | IG |
| Cigogne Management | 100 | 92 | IG | 100 | 92 | IG |
| CM-CIC Securities | 100 | 89 | IG | 100 | 89 | IG |
| Diversified Debt Securities SICAV - SIF | 100 | 91 | IG | | | NC |
| Divhold | 100 | 91 | IG | | | NC |
| Ventadour Investissement | 100 | 96 | IG | 100 | 96 | IG |
| **Private banking** | | | | | | |
| Agefor SA Genève | 70 | 62 | IG | 70 | 62 | IG |
| Alternative gestion SA Genève | 45 | 55 | ME | 45 | 55 | ME |
| Banque de Luxembourg | 100 | 91 | IG | 100 | 91 | IG |
| Banque Pasche (Liechtenstein) AG | 53 | 47 | IG | 53 | 47 | IG |
| Banque Pasche Monaco SAM | 100 | 89 | IG | 100 | 89 | IG |
| Banque Transatlantique | 100 | 89 | IG | 100 | 89 | IG |
| Banque Transatlantique Belgium | 100 | 87 | IG | 100 | 87 | IG |
| Banque Transatlantique Luxembourg | 90 | 85 | IG | 90 | 85 | IG |
| Banque Transatlantique Singapore Private Ltd | 100 | 89 | IG | | | NC |
| Calypso Management Company | 70 | 62 | IG | 70 | 62 | IG |
| CIC Private Banking – Banque Pasche | 100 | 89 | IG | 100 | 89 | IG |
| CIC Suisse | 100 | 89 | IG | 100 | 89 | IG |
| Dubly-Douilhet | 63 | 56 | IG | 63 | 56 | IG |
| GPK Finance | 100 | 89 | IG | 89 | 79 | IG |
| LRM Advisory SA | 70 | 62 | IG | 70 | 62 | IG |
| Pasche Bank & Trust Ltd Nassau | 100 | 89 | IG | 100 | 89 | IG |
| Pasche Finance SA Fribourg | 100 | 89 | IG | 100 | 89 | IG |
| Pasche Fund Management Ltd | 100 | 89 | IG | 100 | 89 | IG |
| Pasche International Holding Ltd | 100 | 89 | IG | 100 | 89 | IG |
| Pasche SA Montevideo | 100 | 89 | IG | 100 | 89 | IG |
| Serficom Brasil | 52 | 45 | IG | | | NC |
| Serficom Family Office Inc | 100 | 89 | IG | 100 | 89 | IG |
| Serficom Family Office Ltda Rio | 52 | 46 | IG | 52 | 46 | IG |
| Serficom Family Office SA | 100 | 89 | IG | 100 | 89 | IG |
| Serficom Investment Consulting (Shanghaï) | 100 | 89 | IG | 100 | 89 | IG |
| Serficom Maroc SARL | 100 | 89 | IG | 100 | 89 | IG |
| Transatlantique Finance | | | FU | 100 | 89 | IG |
| Transatlantique Gestion (ex-BLC Gestion) | 100 | 89 | IG | 100 | 89 | IG |
| Valeroso Management Ltd | 100 | 89 | IG | 45 | 55 | ME |

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | % Control | % Interest | Method [1] | % Control | % Interest | Method [1] |
| **Development capital** | | | | | | |
| CIC Banque de Vizille | 98 | 87 | FC | 98 | 87 | FC |
| CIC Finance | 100 | 89 | FC | 100 | 89 | FC |
| CIC Investissement | 100 | 89 | FC | 100 | 89 | FC |
| CIC Investissement Alsace | | | MER | 100 | 89 | FC |
| CIC Investissement Est | | | MER | 100 | 89 | FC |
| CIC Investissement Nord | | | MER | 100 | 89 | FC |
| CIC Vizille Participations | 100 | 87 | FC | 100 | 88 | FC |
| Financière Voltaire | 100 | 89 | FC | 100 | 89 | FC |
| Institut de Participations de l'Ouest (IPO) | 100 | 89 | FC | 100 | 89 | FC |
| IPO Ingénierie | 100 | 89 | FC | 100 | 89 | FC |
| Sudinnova | 63 | 55 | FC | 57 | 50 | FC |
| Vizille Capital Finance | 100 | 87 | FC | 100 | 87 | FC |
| Vizille Capital Innovation | 100 | 87 | FC | 100 | 87 | FC |
| **Holding and logistics** [1] | | | | | | |
| Adepi | 100 | 89 | FC | 100 | 89 | FC |
| Carmen Holding Investissement | 67 | 64 | FC | 67 | 64 | FC |
| CIC MFCrations | 100 | 89 | FC | 100 | 89 | FC |
| CIC Participations | 100 | 89 | FC | 100 | 89 | FC |
| Cicor | 100 | 89 | FC | 100 | 89 | FC |
| Cicoval | 100 | 89 | FC | 100 | 89 | FC |
| CM Akquisitions | 100 | 96 | FC | 100 | 96 | FC |
| CM-CIC Services | 100 | 100 | FC | 100 | 100 | FC |
| CMCP – Crédit Mutuel Cartes de paiement | 50 | 49 | FC | 50 | 49 | FC |
| Cofidis Participations | 51 | 33 | FC | 51 | 33 | FC |
| Est Bourgogne Rhône-Alpes (EBRA) | 100 | 96 | FC | 100 | 96 | FC |
| Efsa | 100 | 89 | FC | 100 | 89 | FC |
| Euro-Information | 73 | 71 | FC | 73 | 71 | FC |
| Euro-Information Développement | 100 | 71 | FC | 100 | 71 | FC |
| EIP | 100 | 100 | FC | 100 | 100 | FC |
| Gesteurop | 100 | 89 | FC | 100 | 89 | FC |
| Gestunion 2 | 100 | 89 | FC | 100 | 89 | FC |
| Gestunion 3 | 100 | 89 | FC | 100 | 89 | FC |
| Gestunion 4 | 100 | 89 | FC | 100 | 89 | FC |
| Groupe *Républicain Lorrain* – GRLC | 100 | 96 | FC | | | NC |
| Impex Finance | 100 | 89 | FC | 100 | 89 | FC |
| Marsovalor | 100 | 89 | FC | 100 | 89 | FC |
| NRJ Mobile | 90 | 64 | FC | 90 | 64 | FC |
| Pargestion 2 | 100 | 89 | FC | 100 | 89 | FC |
| Pargestion 4 | 100 | 89 | FC | 100 | 89 | FC |
| Placinvest | 100 | 89 | FC | 100 | 89 | FC |
| Société civile de gestion des parts dans *L'Alsace* – SCGPA | 100 | 98 | FC | | | NC |
| Société française d'édition de journaux et d'imprimés commerciaux *L'Alsace* – SFEJIC | 99 | 95 | FC | | | NC |
| Sofiholding 2 | 100 | 89 | FC | 100 | 89 | FC |
| Sofiholding 3 | 100 | 89 | FC | 100 | 89 | FC |
| Sofiholding 4 | 100 | 89 | FC | 100 | 89 | FC |
| Sofinaction | 100 | 89 | FC | 100 | 89 | FC |
| Targo Akademie | 100 | 96 | FC | 100 | 96 | FC |
| Targo Deutschland GmbH | 100 | 96 | FC | 100 | 96 | FC |
| Targo IT Consulting GmbH | 100 | 96 | FC | 100 | 96 | FC |
| Targo Management AG | 100 | 96 | FC | 100 | 96 | FC |
| Targo Realty Services GmbH | 100 | 96 | FC | 100 | 96 | FC |
| UfFCestion 2 | 100 | 89 | FC | 100 | 89 | FC |
| Ugépar Service | 100 | 89 | FC | 100 | 89 | FC |

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | % Control | % Interest | Method [1] | % Control | % Interest | Method [1] |
| Valimar 2 | 100 | 89 | IG | 100 | 89 | IG |
| Valimar 4 | 100 | 89 | IG | 100 | 89 | IG |
| VTP 1 | 100 | 89 | IG | 100 | 89 | IG |
| VTP 5 | 100 | 89 | IG | 100 | 89 | IG |
| **Insurance companies** | | | | | | |
| ACM IARD | 96 | 70 | IG | 96 | 70 | IG |
| ACM Nord IARD | 49 | 35 | ME | 49 | 35 | ME |
| ACM Vie | 100 | 72 | IG | 100 | 72 | IG |
| ACM Vie, Société d'Assurance Mutuelle | 100 | 100 | IG | 100 | 100 | IG |
| Astree | 30 | 22 | ME | 30 | 22 | ME |
| Euro Protection Services | 100 | 72 | IG | 100 | 72 | IG |
| Groupe des Assurances du Crédit Mutuel (GACM) | 77 | 72 | IG | 100 | 72 | IG |
| ICM Life | 100 | 72 | IG | 100 | 70 | IG |
| ICM Ré | 100 | 70 | IG | 100 | 72 | IG |
| Immobilière ACM | 100 | 72 | IG | 100 | 100 | IG |
| MTRL | 100 | 100 | IG | 100 | 72 | IG |
| Partners | 100 | 72 | IG | 100 | 72 | IG |
| Procourtage | 100 | 72 | IG | 100 | 72 | IG |
| RMA Watanya | 22 | 16 | ME | 20 | 14 | ME |
| Serenis Assurances | 100 | 72 | IG | 100 | 72 | IG |
| Serenis Vie | 100 | 72 | IG | 100 | 72 | IG |
| Royal Automobile Club de Catalogne | 49 | 35 | ME | 49 | 35 | ME |
| **Other companies** | | | | | | |
| ACM GIE | 100 | 72 | IG | 100 | 72 | IG |
| ACM Services | 100 | 72 | IG | 100 | 72 | IG |
| Agence générale d'informations régionales | 49 | 47 | ME | 100 | 96 | IG |
| Cime & mag | 100 | 95 | IG | | | NC |
| Darcy presse | | | NC | 100 | 95 | IG |
| Distripub | 100 | 95 | IG | | | NC |
| Documents AP | 100 | 96 | IG | 100 | 96 | IG |
| Est imprimerie | 100 | 93 | IG | | | NC |
| Europe Regie | 66 | 62 | IG | | | NC |
| Groupe Progrès | 100 | 96 | IG | 100 | 96 | IG |
| Groupe Républicain Lorrain Imprimeries – GRLI | 100 | 96 | IG | | | NC |
| Immocity | 100 | 96 | IG | 100 | 96 | IG |
| Imprimerie Michel | 100 | 96 | IG | | | NC |
| Information pour la communication | | | FU | 50 | 48 | IG |
| Interprint | 100 | 96 | IG | | | NC |
| Jean Bozzi Communication | 100 | 96 | IG | 100 | 96 | IG |
| La Gazette indépendante de Saône-et-Loire | | | FU | 100 | 96 | IG |
| La Liberte de l'Est | 49 | 47 | MEE | | | NC |
| La Tribune | 100 | 96 | IG | 100 | 96 | IG |
| L'Alsace | 100 | 95 | IG | | | NC |
| L'Alsace Magazines Editions – L'Ame | 0 | 0 | NC | | | NC |
| Le Bien Public | 100 | 96 | IG | 100 | 96 | IG |
| Le Dauphiné Libéré | 100 | 96 | IG | 100 | 96 | IG |
| Le Républicain Lorrain | 100 | 96 | IG | | | NC |
| Les Editions de l'Echiquier | 100 | 95 | IG | | | NC |
| Les Journaux de Saône-et-Loire | 100 | 96 | IG | 100 | 96 | IG |
| Lumedia | 50 | 48 | IP | | | NC |
| Lyon Plus | | | FU | 100 | 96 | IG |
| Lyonnaise de télévision | | | NC | 60 | 57 | IG |
| Massena Property | 100 | 72 | IG | 100 | 72 | IG |
| Massimob | 100 | 70 | IG | 100 | 70 | IG |

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | % Control | % Interest | Method [1] | % Control | % Interest | Method [1] |
| Mediaportage | 100 | 95 | IG | | | NC |
| Presse Diffusion | 100 | 96 | IG | 100 | 96 | IG |
| Promopresse | 100 | 96 | IG | 100 | 96 | IG |
| Publiprint Dauphiné | 100 | 96 | IG | 100 | 96 | IG |
| Publiprint Province n° 1 | 100 | 96 | IG | 100 | 96 | IG |
| Républicain Lorrain – TV news | 100 | 96 | IG | | | NC |
| Républicain Lorrain Communication | 100 | 96 | IG | | | NC |
| Républicain Lorrain voyages | 100 | 96 | IG | | | NC |
| Rhône offset Presse | | | FU | 100 | 96 | IG |
| Roto offset Imprimerie | 100 | 95 | IG | | | NC |
| SCI 6, place Joubert | | | NC | 100 | 96 | IG |
| SCI ADS | 100 | 72 | IG | 100 | 72 | IG |
| SCI Alsace | 90 | 85 | IG | | | NC |
| SCI du Palais | | | NC | 100 | 96 | IG |
| SCI Ecriture | 100 | 95 | IG | | | NC |
| SCI Gutenberg | 100 | 96 | IG | | | NC |
| SCI Hôtel-de-Ville | | | NC | 100 | 96 | IG |
| SCI Le Progrès Confluence | 100 | 96 | IG | 30 | 29 | ME |
| SCI Roseau d'or | 100 | 95 | IG | | | NC |
| SIIC Foncière Massena | 78 | 56 | IG | 77 | 55 | IG |
| Société d'édition des hebdomadaires et périodiques locaux | 100 | 95 | IG | 100 | 95 | IG |
| Sofiliest | 49 | 47 | MEE | | | NC |

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

## Note 4 Cash, Central banks

### Loans and receivables due from credit institutions

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Cash, and amounts due from Central banks** | | |
| Amounts due from Central banks | 6,399 | 8,322 |
| *– including reserve requirements* | *1,668* | *3,233* |
| Cash | 818 | 863 |
| **Total** | **7,217** | **9,185** |
| **Loans and receivables due from credit institutions** | | |
| Crédit Mutuel network accounts [1] | 13,283 | 12,481 |
| Other current accounts in debit | 4,561 | 2,877 |
| Loans | 7,222 | 6,779 |
| Other receivables | 7,405 | 8,454 |
| Securities not listed in an active market | 4,681 | 5,881 |
| Repurchase agreements | 1,742 | 855 |
| Individually impaired receivables | 1,267 | 1,506 |
| Accrued income | 301 | 357 |
| Impairment provisions | - 350 | - 520 |
| **Total** | **40,113** | **38,668** |

1. Mainly outstanding repayments for CDC (LEP, LDD, Livret bleu).

### Amounts due to credit institutions

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Due to central banks | 44 | 1,265 |
| **Due to credit institutions** | | |
| Crédit Mutuel network accounts | 3,563 | 2,045 |
| Other current accounts | 17,295 | 34,164 |
| Borrowings | 2,870 | 2,316 |
| Other | 4,052 | 1,929 |
| Repurchase agreements | 69 | 88 |
| **Total** | **27,894** | **41,807** |

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

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | Transaction | Fair value by option | Total | Transaction | Fair value by option | Total |
| **Securities** | **15,931** | **14,329** | **30,260** | **19,302** | **15,328** | **34,629** |
| – Government securities | 2,766 | 30 | 2,796 | 4,754 | *88* | *4,843* |
| – Bonds and other fixed-income securities | 11,994 | 3,790 | 15,784 | 12,307 | 3,749 | 16,056 |
| *Listed* | *11,994* | *3,743* | *15,737* | *12,307* | *3,680* | *15,987* |
| *Unlisted* | *0* | *48* | *48* | *0* | *69* | *69* |
| – Equities and other variable-income securities | 1,171 | 10,509 | 11,680 | 2,241 | 11,490 | 13,731 |
| *Listed* | *1,171* | *8,933* | *10,104* | *2,241* | *9,979* | *12,219* |
| *Unlisted* | *0* | *1,575* | *1,575* | *0* | *1,511* | *1,511* |
| Trading derivative instruments | 2,521 | 0 | 2,521 | 3,358 | 0 | 3,358 |
| Other financial assets | | 8,448 | 8,448 | | 14,975 | 14,975 |
| *– including resale agreements* | | *8,448* | *8,448* | | *14,974* | *14,974* |
| **Total** | **18,451** | **22,778** | **41,229** | **22,660** | **30,303** | **52,963** |

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

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Financial liabilities held for trading | 7,312 | 9,786 |
| Financial liabilities at fair value by option through profit or loss | 27,239 | 38,055 |
| **Total** | **34,551** | **47,841** |

## Note 5b Financial liabilities held for trading

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Short selling of securities | 1,864 | 4,168 |
| *– Government securities* | *1* | *0* |
| *– Bonds and other fixed-income securities* | *1,315* | *3,496* |
| *– Equities and other variable-income securities* | *548* | *673* |
| Trading derivative instruments | 4,687 | 5,276 |
| Derivatives held for trading | 760 | 342 |
| **Total** | **7,312** | **9,786** |

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

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Maturity amount | Variance | Carrying amount | Maturity amount | Variance |
| Securities issued | 473 | 472 | 1 | 3,670 | 3,668 | 2 |
| Securities issued | 25,615 | 25,609 | 6 | 27,193 | 27,175 | 18 |
| Due to customers | 1,151 | 1,151 | 0 | 7,192 | 7,192 | 0 |
| **Total** | **27,239** | **27,232** | **7** | **38,055** | **38,035** | **20** |

## Note 5d Fair value hierarchy

| December 31st, 2010 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Available-for-sale | 72,931 | 2,115 | 1,482 | 76,529 |
| – *Government and similar securities, available-for-sale* | *13,973* | *0* | *0* | *13,973* |
| – *Bonds and other fixed-income securities, available-for-sale* | *51,128* | *2,082* | *337* | *53,547* |
| – *Equities and other variable-income securities, available-for-sale* | *6,158* | *0* | *71* | *6,229* |
| – *Investments in non-consolidated companies and other LT investments, available-for-sale* | *1,648* | *9* | *390* | *2,047* |
| – *Investments in associates, available-for-sale* | *24* | *24* | *684* | *732* |
| Transaction / Fair value by option | 25,063 | 12,967 | 3,200 | 41,229 |
| – *Government and similar securities, transaction* | *2,634* | *132* | *0* | *2,766* |
| – *Government and similar securities, fair value by option* | *30* | *0* | *0* | *30* |
| – *Bonds and other fixed-income securities, transaction* | *8,960* | *1,455* | *1,579* | *11,994* |
| – *Bonds and other fixed-income securities, fair value by option* | *3,252* | *539* | *- 1* | *3,790* |
| – *Equities and other variable-income securities, transaction* | *1,156* | *0* | *15* | *1,171* |
| – *Equities and other variable-income securities, fair value by option* | *8,941* | *0* | *1,568* | *10,509* |
| – *Loans and receivables due from credit institutions, Fair value by option* | *0* | *4,077* | *0* | *4,077* |
| – *Loans and receivables due from customers, fair value by option* | *0* | *4,372* | *0* | *4,372* |
| – *Derivative instruments and other financial assets, transaction* | *30* | *2,392* | *99* | *2,521* |
| Hedging derivative instruments | 3 | 125 | 7 | 135 |
| **Total** | **97,937** | **15,207** | **4,749** | **117,893** |
| **Financial liabilities** | | | | |
| Transaction / Fair value by option (FVO) | 2,659 | 31,841 | 51 | 34,551 |
| – *Due to credit institutions – Fair value by option* | *0* | *25,615* | *0* | *25,615* |
| – *Due to customers – Fair value by option* | *0* | *1,151* | *0* | *1,151* |
| – *Debt securities – Fair value by option* | *0* | *473* | *0* | *473* |
| – *Subordinated debt – Fair value by option* | *0* | *0* | *0* | *0* |
| – *Derivative instruments and other financial liabilities – Transaction* | *2,659* | *4,602* | *51* | *7,312* |
| Hedging derivative instruments | 3 | 2,416 | 654 | 3,073 |
| **Total** | **2,662** | **34,257** | **705** | **37,624** |

There are three levels of fair value of financial instruments, in accordance with what has been defined by standard IFRS 7:
– Level 1: quoted prices in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

### Level 3 details

| | Opening | Purchases | Sales | Gains and losses recognized in profit | Other transactions | Closing |
|---|---|---|---|---|---|---|
| Equities and other variable-income securities Fair value by option | 1,536 | 262 | - 372 | 168 | - 26 | 1,568 |

## Note 6 Hedging derivative instruments

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Cash Flow Hedge | 4 | 45 | 2 | 26 |
| Fair value hedge (change in value recognized through profit or loss) | 131 | 3,028 | 1,712 | 4,743 |
| **Total** | **135** | **3,073** | **1,713** | **4,769** |

## Note 6a Remeasurement adjustment on investments hedged against interest risk

| | Fair value December 31st, 2010 | Fair value December 31st, 2009 | Change in fair value |
|---|---|---|---|
| Fair value of interest rate risk by investment category | | | |
| Financial assets | 594 | 547 | 47 |
| Financial liabilities | - 1,963 | - 1,782 | - 181 |

## Note 6b Analysis of derivative instruments

| | December 31st, 2010 | | | December 31st, 2009 | | |
|---|---|---|---|---|---|---|
| | Notional | Assets | Liabilities | Notional | Assets | Liabilities |
| Trading derivative instruments | | | | | | |
| Interest-rate derivative instruments | | | | | | |
| *– Swaps* | *380,632* | *1,630* | *3,656* | *352,929* | *1,967* | *4,138* |
| *– Other forward contracts* | *10,704* | *4* | *0* | *13,486* | *24* | *1* |
| *– Options and conditional transactions* | *48,440* | *213* | *259* | *60,927* | *458* | *438* |
| Foreign exchange derivative instruments | | | | | | |
| *– Swaps* | | *39* | *85* | | *21* | *43* |
| *– Other forward contracts* | *36* | *121* | *101* | *231* | *147* | *123* |
| *– Options and conditional transactions* | *15,865* | *169* | *169* | *14,769* | *157* | *158* |
| Derivative instruments other than interest-rate and foreign exchange | | | | | | |
| *– Swaps* | *22,289* | *288* | *347* | *23,699* | *289* | *230* |
| *– Other forward contracts* | *3,598* | *0* | *0* | *6,045* | *0* | *3* |
| *– Options and conditional transactions* | *1,624* | *56* | *70* | *14,376* | *296* | *142* |
| **Sub-total** | **483,187** | **2,521** | **4,687** | **486,462** | **3,358** | **5,276** |
| Hedging derivative instruments | | | | | | |
| Fair value hedging derivative instruments | | | | | | |
| *– Swaps* | *67,075* | *131* | *3,028* | *72,375* | *1,659* | *4,743* |
| *– Options and conditional transactions* | *2* | *1* | *0* | *14* | *53* | *0* |
| Cash flow hedging derivative instruments | | | | | | |
| *– Swaps* | *0* | *2* | *45* | *86* | *0* | *26* |
| *– Options and conditional transactions* | *0* | *2* | *0* | *0* | *1* | *0* |
| **Sub-total** | **67,077** | **135** | **3,073** | **72,474** | **1,713** | **4,769** |
| **Total** | **550,264** | **2,656** | **7,760** | **558,937** | **5,072** | **10,045** |

## Note 7 Available-for-sale financial assets

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Government securities | 13,790 | 15,270 |
| Bonds and other fixed-income securities | 53,419 | 51,557 |
| *– Listed* | *52,953* | *51,116* |
| *– Unlisted* | *466* | *441* |
| Equities and other variable-income securities | 6,267 | 5,961 |
| *– Listed* | *6,094* | *5,692* |
| *– Unlisted* | *173* | *269* |
| Long-term investments | 2,741 | 2,622 |
| *– Investments in non-consolidated companies* | *1,648* | *1,455* |
| *– Other long-term investment* | *399* | *421* |
| *– Investments in associates* | *694* | *746* |
| Accrued interest | 311 | 313 |
| **Total** | **76,529** | **75,723** |
| *Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity* | *- 651* | *- 418* |
| *Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity* | *437* | *475* |
| *Including impairment of bonds and other fixed-income securities* | *- 91* | *- 92* |
| *Including impairment of equities and other variable-income securities and long-term investments* | *- 1,743* | *- 1,706* |

### ◆ List of major investments in non-consolidated companies

| | | Percent interest | Equity | Total assets | NBI or revenue | Net income |
|---|---|---|---|---|---|---|
| Banca di Legnano [1] | Not quoted | < 10% | 1,187 | 4,709 | 180 | 31 |
| Crédit logement | Not quoted | < 5% | 1,475 | 11,810 | 226 | 120 |
| CRH (Caisse de Refinancement de l'Habitat) | Not quoted | < 20% | 211 | 40,626 | 3 | 1 |
| Foncière des Régions | Quoted | < 5% | 4,807 | 13,953 | 991 | - 464 |
| Banco Popular | Quoted | < 5% | 8,447 | 129,290 | 4,054 | 780 |
| Veolia Environnement | Quoted | < 5% | 10,131 | 49,817 | 34,551 | 842 |

(1) Banca di Legnano is 93.51% owned by BPM.

The figures above (excluding the percent of interest) relate to 2009.

## Note 8 Loans and receivables due from customers

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Performing loans** | **217,497** | **206,666** |
| Commercial loans | 4,326 | 3,964 |
| Other customer loans | 212,242 | 201,838 |
| *– home loans* | *115,258* | *107,040* |
| *– other loans and receivables, including resale agreements* | *96,984* | *94,797* |
| Accrued income | 512 | 507 |
| Securities not listed in an active market | 417 | 358 |
| **Insurance and reinsurance receivables** | **170** | **156** |
| **Individually impaired receivables** | **10,756** | **10,360** |
| **Gross receivables** | **228,423** | **217,183** |
| **Individual impairment** | **- 6,719** | **- 6,117** |
| **Collective impairment** | **- 408** | **- 398** |
| **Sub-total I** | **221,296** | **210,668** |
| **Finance leases (net investment)** | **8,138** | **7,458** |
| Furniture and movable equipment | 5,263 | 4,897 |
| Real estate | 2,698 | 2,412 |
| Individually impaired receivable | 177 | 149 |
| **Individual impairment** | **- 130** | **- 109** |
| **Sub-total II** | **8,008** | **7,349** |
| **Total** | **229,304** | **218,017** |
| *including participatory loans* | *28* | *8* |
| *including subordinated notes* | *12* | *171* |

### ◆ Finance leases with customers

| | December 31st, 2009 | Acquisition | Sale | Others | December 31st, 2010 |
|---|---|---|---|---|---|
| Gross carrying amount | 7,458 | 1,465 | - 1,502 | 717 | 8,138 |
| Impairment of irrecoverable rent | - 109 | - 35 | 25 | - 11 | - 130 |
| **Net carrying amount** | **7,349** | **1,430** | **- 1,477** | **706** | **8,008** |

### ◆ Analysis of future minimum lease payments receivable under finance leases, by residual term

| | < 1 year | > 1 year and < 5 years | > 5 years | Total |
|---|---|---|---|---|
| Future minimum lease payments receivable | 2,627 | 4,342 | 1,547 | 8,516 |
| Present value of future minimum lease payments receivable | 2,445 | 4,135 | 1,532 | 8,112 |
| **Unearned finance income** | **182** | **207** | **15** | **404** |

## Note 8a Amounts due to customers

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Regulated savings accounts | 59,412 | 57,369 |
| *– demand* | *38,479* | *35,685* |
| *– term* | *20,933* | *21,684* |
| Accrued interest on savings accounts | 25 | 32 |
| **Sub-total** | **59,437** | **57,402** |
| Demand deposits | 54,579 | 49,886 |
| Term accounts and loans | 47,839 | 39,744 |
| Repurchase transactions | 684 | 1,876 |
| Accrued interest | 872 | 785 |
| Insurance and reinsurance interest | 57 | 48 |
| **Sub-total** | **104,030** | **92,339** |
| **Total** | **163,467** | **149,740** |

## Note 9 Held-to-maturity financial assets

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Securities | 10,742 | 9,082 |
| – Bonds and other fixed-income securities | 10,742 | 9,082 |
| Quoted | *10,713* | *9,066* |
| Non-quoted | *29* | *16* |
| Accrued income | 2 | 20 |
| **Gross total** | **10,745** | **9,102** |
| *Including impaired assets* | *25* | *1* |
| Provisions for impairment | - 12 | - 1 |
| **Total net** | **10,733** | **9,101** |

## Note 10 Movements in provisions for impairment

| | December 31st, 2009 | Additions | Reversals | Other | December 31st, 2010 |
|---|---|---|---|---|---|
| Loans and receivables due from credit institutions | - 520 | - 131 | 321 | - 19 | - 350 |
| Loans and receivables due from customers | - 6,624 | - 2,119 | 1,492 | - 5 | - 7,256 |
| Available-for-sale securities | - 1,798 | - 125 | 81 | 9 | - 1,834 |
| Held-to-maturity securities | - 1 | - 12 | 0 | 1 | - 12 |
| **Total** | **- 8,942** | **- 2,387** | **1,894** | **- 15** | **- 9,451** |

At December 31st, 2010 provisions for loans and receivables due from customers amounted to 7,256 million euros (compared to 6,624 euros in 2009), of which collective provisions totaled 407 million euros. Individual provisions essentially relate to current accounts in debit, for 915 million euros (compared to 971 million euros at the end of 2009) and to provisions for commercial and other loans (including home loans) for 5,804 million euros (compared to 5,146 million euros at the end of 2009).

## Note 11 Reclassifications of financial instruments

In application of new accounting regulations and in the extraordinary circumstances of a completely disrupted market, on July 1st, 2008 the Group reclassified 18.8 billion euros of investments from the trading securities portfolio into AFS (16.1 billion euros) investments and Loans and receivables (2.7 billion euros), as well as 6.5 billion euros of AFS investments into Loans and receivables (5.9 billion euros) and HTM investments (0.6 billion euros). No other reclassification has occured since that date.

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| Loans and receivables portfolio | 5,582 | 5,294 | 6,862 | 6,558 |
| AFS portfolio | 9,284 | 9,284 | 13,590 | 13,590 |

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified | 140 | 1,468 |
| Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified | - 139 | - 811 |
| Gains (losses) on reclassified assets, recognized in income (NBI and cost of risk) | 20 | - 410 |

## Note 12 Exposures affected by the financial crisis

The exposures affected by the financial crisis are presented below.
The portfolios are carried at market value established on the basis of external inputs obtained from regulated markets, major brokers or, where no price was available, on the basis of comparable listed securities.

### ◆ Securitization

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| RMBS | 5,579 | 6,197 | 5,387 |
| CMBS | 458 | 480 | 198 |
| CLO | 1,887 | 1,896 | 1,806 |
| Other ABS | 849 | 853 | 1,532 |
| CLO covered by CDS | 833 | 972 | 925 |
| Other ABS covered by CDS | 49 | 56 | 28 |
| Liquidity facilities | 334 | | 298 |
| **Total** | **9,989** | **10,454** | **10,174** |

### RMBS exposure

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| Trading | 1,819 | 1,828 | 1,067 |
| Available-for-sale | 1,835 | 1,900 | 1,959 |
| Loans | 1,925 | 2,469 | 2,361 |
| **Total** | **5,579** | **6,197** | **5,387** |
| France | 14 | 16 | 18 |
| Europe, excluding France | 2,803 | 2,884 | 2,777 |
| USA | 2,366 | 2,892 | 2,082 |
| Other | 396 | 405 | 510 |
| **Total** | **5,579** | **6,197** | **5,387** |
| Agencies | 1,075 | 1,064 | 688 |
| AAA | 2,984 | 3,026 | 3,080 |
| AA | 322 | 340 | 263 |
| A | 69 | 91 | 85 |
| BBB | 71 | 108 | 27 |
| BB | 43 | 51 | 42 |
| Below or equal to B | 1,015 | 1,517 | 1,194 |
| No quoted | 0 | 0 | 8 |
| **Total** | **5,579** | **6,197** | **5,387** |

### Exposure to RMBS issued in the USA

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| Originated in 2005 and before | 461 | 590 | 529 |
| Originated in 2006 | 603 | 769 | 716 |
| Originated in 2007 | 593 | 820 | 722 |
| Originated since 2008 | 709 | 713 | 115 |
| **Total** | **2,366** | **2,892** | **2,082** |

### Guarantees received from monoliner insurance companies on USA RMBS

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Carrying value | Carrying value |
| Ambac | 15 | 15 | 22 |
| MBIA | 4 | 4 | 4 |
| FGIC | 21 | 49 | 35 |
| **Total** | **40** | **68** | **61** |

## CMBS exposure *(Commercial Mortgage Backed Securities)*

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| France | 1 | 2 | 1 |
| Europe, excluding France | 84 | 96 | 79 |
| USA | 291 | 293 | 0 |
| Other | 82 | 89 | 118 |
| **Total** | **458** | **480** | **198** |
| Trading | 306 | 310 | 14 |
| AFS | 147 | 164 | 177 |
| Loans | 5 | 6 | 7 |
| **Total** | **458** | **480** | **198** |
| AAA | 346 | 351 | 82 |
| AA | 92 | 104 | 112 |
| Other | 20 | 25 | 4 |
| **Total** | **458** | **480** | **198** |

## ABS exposure

### CLO / CDO exposure

#### CDO not hedged by CDS *(Credit Default Swaps)*

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| Trading | 23 | 22 | |
| Available-for-sale | 29 | 29 | 33 |
| Loans | 1,835 | 1,845 | 1,773 |
| **Total** | **1,887** | **1,896** | **1,806** |
| France | 0 | 0 | |
| Europe, excluding France | 889 | 892 | 801 |
| USA | 998 | 1,004 | 62 |
| Other | 0 | 0 | 943 |
| **Total** | **1,887** | **1,896** | **1,806** |
| Agencies | 0 | 0 | 0 |
| AAA | 1,070 | 1,076 | 1,434 |
| AA | 600 | 605 | 322 |
| Other | 217 | 216 | 50 |
| **Total** | **1,887** | **1,897** | **1,806** |

### Exposure to other ABS

| | December 31st, 2010 | | December 31st, 2009 |
|---|---|---|---|
| | Carrying value | Acquisition price | Carrying value |
| Trading | 343 | 342 | 689 |
| Available-for-sale | 287 | 290 | 528 |
| Loans | 219 | 221 | 315 |
| **Total** | **849** | **853** | **1,532** |
| France | 407 | 406 | 559 |
| Europe, excluding France | 398 | 403 | 903 |
| USA | 0 | 0 | 0 |
| Autres | 44 | 44 | 70 |
| **Total** | **849** | **853** | **1,532** |
| AAA | 601 | 598 | 1,180 |
| AA | 78 | 78 | 148 |
| A | 7 | 7 | 13 |
| BBB | 150 | 151 | 191 |
| BB | 13 | 19 | 0 |
| **Total** | **849** | **853** | **1,532** |

## Exposures hedged by CDS

At December 31st, 2010 outstanding CLO hedged by CDS totaled 833 million euros, while other ABS hedged by CDS amounted to 49 million euros.

## ◆ Transactions with special purpose vehicles

At December 31st, 2010, liquidity facilities granted to 3 FCC represented 333 million euros.

### ◆ LBO exposure (*leverage buy-out*)

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| | Carrying value | Carrying value |
| **Dedicated funding structures by geographic region** | | |
| France | 1,671 | 1,371 |
| Europe, excluding France | 408 | 494 |
| USA | 127 | 140 |
| Other | 70 | 50 |
| **Total** | **2,276** | **2,055** |

**Dedicated funding structures by business sector (in %)**

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| | Carrying value | Carrying value |
| Industrial goods and services | 16 | 22 |
| Industrial transport | 28 | 11 |
| Healthcare | 10 | 13 |
| Travel and leisure | 10 | 10 |
| Construction | 9 | 11 |
| Telecommunications | 6 | 6 |
| Other < 5% | 21 | 27 |
| **Total** | **100** | **100** |

## Note 13 Current income tax

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Asset (by income) | 1,122 | 1,078 |
| Liability (by income) | 527 | 395 |

## Note 13a Deferred income tax

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Asset (by income) | 926 | 960 |
| Asset (by shareholders' equity) | 436 | 372 |
| Liability (by income) | 714 | 939 |
| Liability (by shareholders' equity) | 225 | 187 |

### Breakdown of deferred income tax by major categories

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Temporary differences in respect of: | | | | |
| *– Deferred gains (losses) on available-for-sale securities* | *436* | *225* | *372* | *187* |
| *– Impairment provisions* | *544* | | *344* | |
| *– Unrealized finance lease reserve* | | *112* | | *69* |
| *– Earnings of fiscally transparent (pass-through) companies* | | *4* | | *3* |
| *– Remeasurement of financial instruments* | *661* | *286* | *735* | *345* |
| *– Accrued expenses and accrued income* | *76* | *616* | *92* | *748* |
| *– Tax losses* [1 2] | *244* | | *302* | |
| *– Insurance activities* | *39* | *232* | *112* | *371* |
| *– Other timing differences* | *10* | *112* | *100* | *129* |
| Netting | - 648 | - 648 | - 725 | - 725 |
| **Total deferred tax assets and liabilities** | **1,362** | **939** | **1,333** | **1,126** |

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 34.43% (i.e. the standard tax rate).
1. Of which USA tax losses: 176 million euros in 2010 and 220 million euros in 2009.
2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

## Note 14 Accruals, other assets and other liabilities

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Accruals assets** | | |
| Collection accounts | 479 | 612 |
| Currency adjustment accounts | 13 | 413 |
| Accrued income | 458 | 422 |
| Other accruals | 2,331 | 2,365 |
| **Sub-total** | **3,281** | **3,811** |
| **Other assets** | | |
| Securities settlement accounts | 93 | 163 |
| Miscellaneous receivables | 11,838 | 12,165 |
| Inventories and equivalent | 33 | 33 |
| Other | 22 | - 10 |
| **Sub-total** | **11,986** | **12,352** |
| **Other insurance assets** | | |
| Other | 343 | 331 |
| **Sub-total** | **343** | **331** |
| **Total** | **15,610** | **16,495** |

## Note 14b Accruals and other liabilities

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Accrual accounts liabilities** | | |
| Accounts unavailable due to collection procedures | 464 | 698 |
| Currency adjustment accounts | 275 | 596 |
| Accrued expenses | 871 | 735 |
| Other accruals | 7,435 | 6,821 |
| **Sub-total** | **9,043** | **8,849** |
| **Other liabilities** | | |
| Securities settlement accounts | 75 | 151 |
| Outstanding amounts payable on securities | 70 | 114 |
| Miscellaneous payables | 2,747 | 2,946 |
| **Sub-total** | **2,892** | **3,211** |
| **Other insurance liabilities** | | |
| Deposits and guarantees received | 163 | 133 |
| Other | 0 | 0 |
| **Sub-total** | **163** | **133** |
| **Total** | **12,098** | **12,193** |

## Note 15 Equity-accounted investments
## Equity value and share of net income (loss)

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Equity method value | Share of net income (loss) | Equity method value | Share of net income (loss) |
| ACM Nord | 17 | 1 | 17 | 3 |
| ASTREE Assurance | 21 | 3 | 16 | 2 |
| Banca Popolare di Milano | 174 | 1 | 131 | 9 |
| Banque de Tunisie | 49 | 7 | 46 | 8 |
| Banque Marocaine du Commerce Extérieur | 833 | 15 | | |
| CCCM | 95 | 4 | 90 | 4 |
| RMA Watanya | 210 | 8 | 198 | 19 |
| Royal Automobile Club de Catalogne | 77 | - 14 | 31 | 1 |
| Other | 4 | 1 | - 13 | - 16 |
| **Total** | **1,481** | **26** | **517** | **31** |

## Note 16 Investment property

| | December 31st, 2009 | Additions | Disposals | Other movements | December 31st, 2010 |
|---|---|---|---|---|---|
| Historical cost | 1,264 | 126 | - 1 | - 370 | 1,019 |
| Accumulated depreciation and impairment losses | - 141 | - 16 | 1 | - 30 | - 187 |
| **Net amount** | **1,123** | **110** | **0** | **- 400** | **832** |

The fair value of investment property carried at amortized cost was 1,162 million euros at December 31st, 2010.

## Note 17 Property and equipment

| | December 31st, 2009 | Additions | Disposals | Other movements | December 31st, 2010 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Land used in operations | 438 | 5 | - 6 | - 8 | 429 |
| Buildings used in operations | 3,450 | 195 | - 72 | 46 | 3,620 |
| Other | 2,025 | 226 | - 189 | 113 | 2,174 |
| **Total** | **5,914** | **425** | **- 268** | **151** | **6,223** |
| **Accumulated depreciation and impairment losses** | | | | | |
| Land used in operations | - 1 | 0 | 0 | 0 | - 1 |
| Buildings used in operations | - 1,696 | - 176 | 42 | - 13 | - 1,844 |
| Other property and equipment | - 1,436 | - 202 | 131 | - 68 | - 1,575 |
| **Total** | **- 3,133** | **- 378** | **173** | **- 81** | **- 3,419** |
| **Net** | **2,781** | **48** | **- 95** | **70** | **2,803** |
| **Of which leased under finance leases** | | | | | |
| Land used in operations | 51 | 0 | - 45 | 0 | 6 |
| Buildings used in operations | 109 | 9 | - 36 | - 1 | 81 |
| **Total** | **160** | **9** | **- 81** | **- 1** | **87** |

## Note 17a Intangible assets

| | December 31st, 2009 | Additions | Disposals | Other movements | December 31st, 2010 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Internally developed intangible assets | 12 | 2 | 0 | 0 | 14 |
| Purchased intangible assets | 1,363 | 111 | - 55 | 110 | 1,529 |
| *– Software* | *420* | *46* | *- 13* | *10* | *463* |
| *– Other* | *943* | *65* | *- 42* | *101* | *1,066* |
| **Total** | **1,375** | **113** | **- 55** | **110** | **1,544** |
| **Accumulated depreciation and impairment losses** | | | | | |
| Purchased intangible assets | - 405 | - 131 | 24 | - 24 | - 537 |
| *– Software* | *- 140* | *- 63* | *12* | *- 1* | *- 192* |
| *– Other* | *- 266* | *- 68* | *12* | *- 24* | *- 345* |
| **Total** | **- 405** | **- 131** | **24** | **- 24** | **- 537** |
| **Net** | **969** | **- 18** | **- 31** | **86** | **1,006** |

## Note 18 Goodwill

| | December 31st, 2009 | Additions | Disposals | Other movements | December 31st, 2010 |
|---|---|---|---|---|---|
| Goodwill gross | 4,209 | 268 | - 116 | | 4,360 |
| Accumulated impairment losses | - 124 | | | - 45 | - 169 |
| **Goodwill net** | **4,085** | **268** | **- 116** | **- 45** | **4,192** |

| Subsidiaries | Goodwill at December 31st, 2009 | Acquisitions | Disposals | Impairment charges/ reversals | Goodwill at December 31st, 2010 |
|---|---|---|---|---|---|
| Banca Popolare di Milano [1] | 41 | | - 41 | | 0 |
| Banco Popular Hipotecario | | 183 | | | 183 |
| Banque de Luxembourg | 13 | | | | 13 |
| Banque Transatlantique | 6 | | | | 6 |
| CIC Iberbanco | 15 | | | | 15 |
| CIC Private Banking – Banque Pasche | 43 | 9 | | | 52 |
| Cofidis Participation [2] | 389 | | - 11 | | 378 |
| Crédit Industriel et Commercial (CIC) | 497 | | | | 497 |
| GPK Finance | 5 | | | | 5 |
| IPO | 21 | | | | 21 |
| Monabanq | 17 | | | | 17 |
| NRJ Mobile | 78 | | | | 78 |
| Targobank | 2,760 | | - 3 | | 2,757 |
| Other [3] | 198 | 77 | - 61 | - 45 | 169 |
| **Total** | **4,085** | **268** | **- 116** | **- 45** | **4,192** |

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.

1. Reclassification of Banca Popolare di Milano's goodwill to "investments in associates".
2. Adjustment of goodwill relating to Cofidis due to a change in value.
3. Reclassification from investments in associates – insurance companies to investments in non-consolidated companies.

## Note 19 Debt securities

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Retail certificates of deposit | 574 | 406 |
| Interbank instruments and money market securities | 63,220 | 56,475 |
| Bonds | 30,567 | 29,898 |
| Accrued interest | 673 | 562 |
| **Total** | **95,035** | **87,341** |

## Note 20 Insurance companies' technical reserves

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Life | 56,983 | 53,215 |
| Non-life | 2,015 | 1,945 |
| Unit of account | 6,827 | 6,090 |
| Other | 193 | 196 |
| **Total** | **66,018** | **61,445** |

## Note 21 Provisions

| | December 31st, 2009 | Additions | Reversals (provision used) | Reversals (provision non used) | Other movements | December 31st, 2010 |
|---|---|---|---|---|---|---|
| **Provisions for risks** | **411** | **160** | **- 49** | **- 79** | **10** | **453** |
| Signature commitments | 145 | 66 | - 16 | - 47 | - 4 | 144 |
| Financing and guarantee commitments | 1 | | | | 0 | 1 |
| On country risks | 2 | 18 | | | 0 | 20 |
| Provisions for taxes | 137 | 7 | - 17 | - 7 | - 1 | 119 |
| Provisions for claims and litigation [5] | 76 | 61 | - 7 | - 8 | 15 | 137 |
| Provisions for risks on miscellaneous receivables | 49 | 9 | - 9 | - 17 | - 1 | 31 |
| Other provisions for counterparty risks | 1 | | - 1 | | 1 | 1 |
| **Other provisions** | **600** | **360** | **- 61** | **- 55** | **19** | **863** |
| Provisions for home savings accounts and plans | 149 | 2 | - 4 | - 23 | 0 | 124 |
| Provisions for miscellaneous contingencies | 254 | 251 | - 30 | - 21 | 7 | 461 |
| Other provisions | 197 | 108 | - 26 | - 11 | 11 | 279 |
| **Provisions for retirement benefits** | **176** | **82** | **- 17** | **- 16** | **- 12** | **212** |
| **Retirement benefits, defined benefit and equivalent, excluding pension funds** | | | | | | |
| Retirement bonuses [1] | 63 | 64 | - 10 | - 7 | - 9 | 101 |
| Supplementary retirement benefits | 66 | 11 | - 7 | - 1 | - 4 | 66 |
| Long service awards (other long-term benefits) | 37 | 4 | 0 | - 8 | 0 | 33 |
| **Sub-total to statement of financial position** | **166** | **79** | **- 17** | **- 16** | **- 13** | **199** |
| **Supplementary retirement benefits, defined benefit, provided by Group's pension funds** | | | | | | |
| Provision for pension fund shortfalls [2]<br>*Fair value of assets* | 10 | 2 | 0 | 0 | 1 | 13 |
| **Sub-total to statement of financial position** | **10** | **2** | **0** | **0** | **1** | **13** |
| **Total** | **1,187** | **602** | **- 127** | **- 150** | **17** | **1,529** |

### Assumptions

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Discount rate [3] | 4.0% | 5.0% |
| Annual increase in salaries [4] | Minimum 1.5% | 3.0% |

1. 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 CM5-CIC Group).
2. The provision for pension fund shortfalls only covers foreign entities.
3. The discount rate used is the return on long-term bonds issued by first-rate companies, estimated on the basis of the IBOXX index.
4. The annual increase in salaries includes the estimated effect of inflation. As from this financial period, it also takes into account employee seniority.
5. The Lehman Brothers receivables sold in the first half of 2010 were provisioned due to uncertainty as to their valuation. This was the main addition during the year.

## Movements in provisions for retirement bonuses

| | December 31st, 2009 | Discounted amount | Financial income | Cost of services performed |
|---|---|---|---|---|
| Commitments | 240 | 10 | | 23 |
| Assurance contract | 176 | | 8 | |
| Provisions | 63 | 10 | - 8 | 23 |

## Provisions for home savings accounts and plans signature risk

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Home savings plan outstandings | | |
| Seniority between 0-4 years | 5,477 | 4,025 |
| Seniority between 4-10 years | 4,426 | 4,588 |
| Seniority over 10 years | 4,231 | 4,394 |
| **Total** | **14,134** | **13,007** |
| Savings account outstandings | 2,424 | 2,358 |
| **Total home savings accounts and plans** | **16,557** | **15,365** |

### Home savings loans

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions) | 726 | 829 |

### Provisions for home savings accounts and plans opening balance

| | Opening balance | Net additions reversals | Other movements | Closing balance |
|---|---|---|---|---|
| On home savings accounts | 48 | (12) | | 36 |
| On home savings plans | 74 | (8) | | 66 |
| On home savings loans | 26 | (4) | | 22 |
| **Total** | **148** | | | **69** |

### Analysis of provisions on housing savings plans by seniority

| | Opening balance | Net additions reversals | Other movements | Closing balance |
|---|---|---|---|---|
| Seniority between 0-4 years | 44 | | | 25 |
| Seniority between 4-10 years | 0 | | | 18 |
| Seniority over 10 years | 30 | | | 23 |
| **Total** | **74** | | | **66** |

| Other costs, incl. past service | Actuarial gains (losses) | Payments to beneficiaries | Insurance premiums | Other | December 31st, 2010 |
|---|---|---|---|---|---|
| 9 | 71 | - 28 | | 7 | 331 |
| | | - 14 | 60 | | 229 |
| 9 | 71 | - 14 | - 60 | 7 | 101 |

The CEL (home ownership savings accounts) and the PEL (home ownership savings plans) are French regulated products available to the clientele (physical persons). These products feature a remunerated savings phase that entitles the saver to a home loan in a second phase. They generate two types of commitments for the distributing establishment:
– a commitment to the future remuneration of the savings at a fixed rate (on the PEL only, as the rate of remuneration of CELs can be counted as variable rate, being periodically revised according to an indexation formula);
– a commitment to grant a loan to the customers who ask for one, at predetermined conditions (PEL and CEL).

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

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

The decline of contingency reserves observed for this exercise is mainly due to the decrease of the scenarios of early future rates (determined by a model of rate Cox-Ingersoll-Ross).

## Note 22 Subordinated debt

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Subordinated notes | 5,182 | 4,284 |
| Non-voting loan stock | 54 | 156 |
| Perpetual subordinated notes | 1,695 | 1,695 |
| Other debts | 130 | 127 |
| Accrued interests | 94 | 94 |
| **Total** | **7,155** | **6,357** |

### Main subordinated debts issues

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

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

| Issue date | Amount issued | Amount at December 31st, 2010 | Rate | Maturity |
|---|---|---|---|---|
| June 29th, 2001 | 50 million euros | 50 million euros | 5.40 | June 29th, 2011 |
| July 19th, 2001 | 700 million euros | 700 million euros | 6.50 | July 19th, 2013 |
| September 30th, 2003 | 800 million euros | 800 million euros | 5.00 | September 30th, 2015 |
| May 28th, 1985 | 137 million euros | 137 million euros | [1] | [2] |
| | 1,600 million euros | 1,600 million euros | | not fixed |
| December 19th, 2006 | 1,000 million euros | 1,000 million euros | [3] | December 19th, 2016 |
| December 18th, 2007 | 300 million euros | 300 million euros | 5.10 | December 18th, 2015 |
| June 16th, 2008 | 300 million euros | 300 million euros | 5.50 | June 16th, 2016 |
| December 16th, 2008 | 500 million euros | 500 million euros | 6.10 | December 16th, 2016 |
| October 22th, 2010 | 1,000 million euros | 1,000 million euros | 4.00 | October 22th 2020 |

## Note 23 Shareholders' equity (excluding unrealized or deferred gains or losses)

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Capital stock, additional paid-in capital and reserves | 5,139 | 4,918 |
| *– Capital* | *5,139* | *4,918* |
| *Consolidated reserves* | 13,698 | 12,626 |
| *– Regulated reserves* | *6* | *6* |
| *– Translation reserve* | *5* | *- 36* |
| *– Other reserves (including effects related to first application of standards)* | *13,616* | *12,595* |
| *– Retained earnings* | *70* | *59* |
| Net income | 1,961 | 1,194 |
| **Total** | **20,799** | **18,738** |

### ◆ Share capital of the Caisses de Crédit Mutuel

The Caisses de Crédit Mutuel have a share capital consisting of:

– unassignable "Parts A" type shares,
– marketable "Parts B" type shares,
– "Parts P" type priority interest-bearing shares.

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

The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31st, 1988:

– shares subscribed before December 31st, 1988 may be reimbursed at the member's request for the January 1st, of each year. This reimbursement, which takes place subject to compliance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice;

– shares subscribed after January 1st, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the regulations concerning the reduction of the capital.

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

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

At December 31st, 2010, the capital of the Caisses de Crédit Mutuel broke down as follows:

– 133.2 million euros of "Parts A" type shares, as against 130.1 million euros on December 31st, 2009,
– 4,915.5 million euros of "Parts B" type shares, as against 4,708.6 million euros on December 31st, 2009,
– 90,7 million euros of "Parts P" type shares, as against 79.2 million euros on December 31st, 2009.

## Note 23a Unrealized or deferred gains and losses

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Unrealized or deferred gains and losses [1] relating to: | | |
| Available-for-sale assets | | |
| *– equities* | *437* | *475* |
| *– bonds* | *- 651* | *- 418* |
| Cash flow hedging derivatives | - 89 | - 43 |
| Share of unrealized or deferred gains and losses of affiliates | 4 | - 1 |
| **Total** | **- 298** | **13** |
| *Attributable to equity holders of the parent company* | *- 291* | *- 4* |
| *Non-controlling interests* | *- 7* | *17* |

1. Net of tax.

## Note 23b Recycling of gains and losses recognized directly in equity

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| | Movements | Movements |
| **Translation adjustments** | | |
| Reclassification in income | 0 | 0 |
| Other movements | 0 | - 23 |
| **Sub-total** | **0** | **- 23** |
| **Remeasurement of available-for-sale financial assets** | | |
| Reclassification in income | - 131 | 632 |
| Other movements | - 139 | 673 |
| **Sub-total** | **- 270** | **1,304** |
| **Remeasurement of hedging derivatives** | | |
| Reclassification in income | 0 | 0 |
| Other movements | - 45 | - 31 |
| **Sub-total** | **- 45** | **- 31** |
| Share of unrealized or deferred gains and losses of affiliates | 4 | 0 |
| **Total** | **- 311** | **1,251** |

## Note 23c Tax on components of gains and losses recognized directly in equity

| | Movements 2010 | | | Movements 2009 | | |
|---|---|---|---|---|---|---|
| | Gross amount | Tax Net | Net amount | Gross amount | Tax Net | Net amount |
| Translation adjustments | 0 | 0 | 0 | - 23 | 0 | - 23 |
| Remeasurement of available-for-sale financial assets | - 316 | 47 | - 270 | 1,750 | - 446 | 1,304 |
| Remeasurement of hedging derivatives | - 46 | 0 | - 45 | - 30 | - 1 | - 31 |
| Share of unrealized or deferred gains and losses of affiliates | 4 | 0 | 4 | 9 | - 8 | 0 |
| **Share of unrealized or deferred gains and losses of affiliates** | **- 358** | **47** | **- 311** | **1 706** | **- 455** | **1,251** |

## Note 24 Commitments given and received

### Commitments given

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Financing commitments** | | |
| To credit institutions | 1,721 | 1,473 |
| To customers | 49,014 | 43,860 |
| **Guarantee commitments** | | |
| To credit institutions | 6,217 | 4,200 |
| To customers | 10,765 | 13,917 |
| **Commitments on securities** | | |
| Other commitments given | 892 | 1,170 |
| **Commitments given by insurance business line** | **324** | **337** |

### Commitments received

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Financing commitments** | | |
| From credit institutions | 22,810 | 14,754 |
| **Guarantee commitments** | | |
| From credit institutions | 27,890 | 19,931 |
| From customers | 5,446 | 6,275 |
| **Commitments received on securities** | | |
| Other commitments received | 601 | 547 |
| **Commitments received by insurance business line** | **7,766** | **7,513** |

## Note 25 Interest income, interest expense and equivalent

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions and central banks | 1,232 | - 1,149 | 1,722 | - 1,790 |
| Customers | 12,300 | - 4,700 | 12,162 | - 4,666 |
| *– including finance leases and operating leases* | *2,602* | *- 2,284* | *2,295* | *- 1,972* |
| Hedging derivatives | 2,430 | - 3,080 | 1,847 | - 2,328 |
| Available-for-sale financial assets | 644 | | 732 | |
| Held-to-maturity financial assets | 170 | | 252 | |
| Debt securities | | - 1,592 | | - 2,032 |
| Subordinated debts | | - 65 | | - 211 |
| **Total** | **16,776** | **- 10,586** | **16,714** | **- 11,027** |

## Note 26 Fees and commissions

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions | 22 | - 6 | 11 | - 6 |
| Customers | 1,055 | - 13 | 983 | - 19 |
| Securities | 771 | - 60 | 738 | - 85 |
| *– of which funds managed for third parties* | *519* | | *499* | |
| Derivatives | 5 | - 20 | 6 | - 9 |
| Foreign exchange | 21 | - 4 | 17 | - 4 |
| Financing and guarantee commitments | 51 | - 9 | 45 | - 8 |
| Services provided | 1,737 | - 791 | 1,653 | - 757 |
| **Total** | **3,662** | **- 903** | **3,453** | **- 890** |

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

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Trading derivatives | - 159 | 569 |
| Instruments accounted for under the fair value option | 115 | - 140 |
| Ineffective portion of hedging instruments | 55 | - 54 |
| *– Cash flow hedges* | *2* | *- 1* |
| *– Fair value hedges* | *53* | *- 54* |
| *Change in fair value of hedged items* | *30* | *608* |
| *Change in fair value of hedging items* | *23* | *- 661* |
| Foreign exchange gains (losses) | 64 | 70 |
| **Total movements in fair value** | **75** | **444** |

## Note 28 Net gains on available-for-sale financial assets

| | December 31st, 2010 | | | |
|---|---|---|---|---|
| | Dividends | Realized gains (losses) | Impairment | Total |
| Government securities, bonds and other fixed-income securities | | 92 | 0 | 92 |
| Equities and other variable-income securities | 7 | 12 | - 19 | 1 |
| Long-term investments | 49 | 9 | - 27 | 31 |
| Other | 0 | 2 | 0 | 2 |
| **Total** | **56** | **116** | **- 46** | **125** |

| | December 31st, 2009 | | | |
|---|---|---|---|---|
| | Dividends | Realized gains (losses) | Impairment | Total |
| Government securities, bonds and other fixed-income securities | | - 72 | 0 | - 72 |
| Equities and other variable-income securities | 11 | 13 | - 5 | 19 |
| Long-term investments | 73 | 0 | - 39 | 34 |
| Other | 0 | 5 | 0 | 5 |
| **Total** | **85** | **- 54** | **- 44** | **- 14** |

## Note 29 Income and expense from other activities

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| **Other income** | | |
| Insurance contracts | 11,355 | 10,501 |
| – *earned premiums* | *8,916* | *7,884* |
| – *net investment income* | *2,386* | *2,578* |
| – *technical and non-technical income* | *53* | *40* |
| Investment property | 1 | 1 |
| – *gains on disposal* | *1* | *1* |
| Expenses rebilled | 6 | 6 |
| Other income | 1,287 | 582 |
| **Sub-total** | **12,648** | **11,091** |
| **Other expense** | | |
| Insurance contracts | - 9,913 | - 9,310 |
| – *paid benefits and claims* | *- 5,256* | *- 5,012* |
| – *movements in provisions* | *- 4,680* | *- 4,292* |
| – *technical and non-technical* expense | *22* | *- 6* |
| Investment property | - 21 | - 19 |
| – *net movements in depreciation and provisions (based on the accounting method selected)* | *- 20* | *- 19* |
| – *losses on disposal* | *- 1* | *0* |
| Other expenses | - 976 | - 320,13 |
| **Sub-total** | **- 10,910** | **- 9,649** |
| **Other income and expense net** | **1,738** | **1,441** |

## Note 30 Operating expenses

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Payroll costs | - 3,606 | - 3,278 |
| Other expenses | - 2,750 | - 2,670 |
| **Total** | **- 6,356** | **- 5,949** |

## Note 30a Payroll costs

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Salaries and wages | - 2,263 | - 2,093 |
| Social security charges | - 893 | - 756 |
| Employee benefits | - 8 | - 10 |
| Incentive bonuses and profit-sharing | - 221 | - 223 |
| Payroll-related taxes | - 217 | - 193 |
| Other expenses | - 5 | - 3 |
| **Total** | **- 3,606** | **- 3,278** |

### ◆ Average number of employees

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Banking staff | 34,579 | 32,709 |
| Management | 18,601 | 17,885 |
| **Total** | **53,180** | **50,594** |
| **Analysis by country** | | |
| France | 43,206 | 41,431 |
| Rest of the world | 9,974 | 9,163 |
| **Total** | **53,180** | **50,594** |

Includes 252 employees of Banco Popular Hipotecario, consolidated using the proportional method.

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Consolidated average number of employees (FTE) | 53,180 | 50,594 |
| Number of employees at end of period [1] | 57,991 | 55,908 |

1. 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 31st. In contrast, the consolidated average number of employees full-time is limited to the scope of financial consolidation (full or proportional consolidation).

## Note 30b Other operating expenses

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Taxes and duties | - 228 | - 283 |
| External services | - 1,940 | - 1,832 |
| Other miscellaneous expenses (transportation, travel, etc.) | - 71 | - 112 |
| **Total** | **- 2,239** | **- 2,227** |

## Note 30c Depreciation, amortization and provisions for impairment of property, equipment and intangible assets

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Depreciation and amortization | - 509 | - 443 |
| *– property and equipment* | *- 380* | *- 355* |
| *– intangible assets* | *- 129* | *- 88* |
| Impairment provisions | - 1 | 0 |
| *– property and equipment* | *- 1* | *0* |
| *– intangible assets* | *- 1* | *0* |
| **Total** | **- 510** | **- 443** |

## Note 31 Net additions to/reversals from provisions for loan losses

### December 31st, 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 | - 1,704 | 1,451 | - 554 | - 540 | 65 | - 1,282 |
| – Finance leases | - 3 | 2 | - 2 | - 5 | 1 | - 6 |
| – Other | - 1,701 | 1,449 | - 552 | - 535 | 64 | - 1,276 |
| **Sub-total** | **- 1,835** | **1,772** | **- 670** | **- 541** | **65** | **- 1,209** |
| Held-to-maturity investments | - 12 | 0 | 0 | 0 | 0 | - 12 |
| Available-for-sale investments | 0 | 1 | - 83 | - 38 | 0 | - 120 |
| Other | - 75 | 146 | - 37 | 0 | 1 | 35 |
| **Total** | **- 1,921** | **1,919** | **- 790** | **- 579** | **66** | **- 1,305** |

### December 31st, 2009

| | Additions | Reversals | Loan losses covered by provisions | Loan losses not covered by provisions | Recoveries on loans written off in previous years | Total |
|---|---|---|---|---|---|---|
| Credit institutions | - 220 | 8 | 0 | - 1 | 0 | - 213 |
| Customers | - 1,997 | 960 | - 450 | - 365 | 109 | - 1,744 |
| – Finance leases | - 1 | 4 | - 1 | - 4 | 0 | - 3 |
| – Other customer items | - 1,996 | 956 | - 449 | - 362 | 109 | - 1,741 |
| **Sub-total** | **- 2,217** | **968** | **- 450** | **- 366** | **109** | **- 1,957** |
| Held-to-maturity financial assets | 0 | 102 | - 105 | 0 | 0 | - 4 |
| Available-for-sale financial assets | 0 | 105 | - 95 | - 14 | 0 | - 4 |
| Other | - 92 | 67 | 0 | 0 | 2 | - 22 |
| **Total** | **- 2,309** | **1,242** | **- 650** | **- 380** | **111** | **- 1,987** |

## Note 32 Net gain on disposals of other assets

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Property, equipment and intangible assets | 16 | 9 |
| – *Losses on disposals* | - 23 | - 25 |
| – *Gains on disposals* | 39 | 35 |
| Gain on consolidated securities sold | 0 | 0 |
| **Total** | **16** | **9** |

## Note 33 Change in value of goodwill

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Impairment of goodwill | - 45 | - 124 |
| Negative goodwill recognized in income | 0 | 0 |
| **Total** | **- 45** | **- 124** |

## Note 34 Income tax

### ◆ Breakdown of income tax expense

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Current taxes | - 1,055 | - 728 |
| Deferred taxes | 151 | 50 |
| Adjustments in respect of prior years | 20 | 10 |
| **Total** | **- 884** | **- 668** |

### ◆ Reconciliation between the income tax expense recognized in the financial statements and the theoretical income tax expense

| | December 31st, 2010 | December 31st, 2009 |
|---|---|---|
| Taxable income | 3,199 | 2,072 |
| Theoretical tax rate | 34.43% | 34.43% |
| **Theoretical tax expense** | **- 1,101** | **- 713** |
| Impact of specific SCR and SICOMI tax regime | 55 | 5 |
| Impact of the reduced rate on long-term capital gains | 34 | 16 |
| Impact of specific tax rate of foreign entities | - 4 | 3 |
| Permanent differences | | |
| Other [1] | 133 | 21 |
| **Income tax** | **- 884** | **- 668** |
| **Effective tax rate** | **27.63%** | **32.25%** |

1. Of which 121 million euros relating to the new tax rate applicable to the capitalization reserve introduced by the French State Budget for 2011.

## Note 35 Fair value of financial instruments entered into the accounts at the depreciated cost

The fair values presented are an estimation based on the observable parameters at December 31st, 2010. They are calculated by discounting future flows estimated on the basis of a risk-free rate curve to which is added for the calculation of the assets a credit spread calculated for the whole of the CM5-CIC Group and reviewed each year.

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

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

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

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

If, however, the financial instruments entered into the accounts at the depreciated cost were to be sold, the price of that sale might differ significantly from the fair value calculated at December 31st, 2010.

| | December 31st, 2010 | | December 31st, 2009 | |
|---|---|---|---|---|
| | Carrying amount | Market value | Carrying amount | Market value |
| **Assets** | | | | |
| Loans and receivables due from credit institutions | 40,113 | 38,103 | 38,668 | 36,156 |
| Loans and receivables due from customers | 229,304 | 230,419 | 218,017 | 215,249 |
| Held-to-maturity financial assets | 10,733 | 11,076 | 9,101 | 9,247 |
| **Liabilities** | | | | |
| Amounts due to credit institutions | 27,850 | 27,792 | 40,542 | 40,304 |
| Amounts due to customers | 163,467 | 160,013 | 149,740 | 144,065 |
| Debt securities | 95,035 | 94,713 | 87,341 | 86,467 |
| Subordinated debt | 7,155 | 7,747 | 6,357 | 6,534 |

## Note 36 Related party transactions

### ◆ Statement of financial position items relating to related party transactions

| | December 31st, 2010 | | | December 31st, 2009 | |
|---|---|---|---|---|---|
| | Companies consolidated by equity accounting | Companies consolidated using the equity method | Confédération nationale | Companies consolidated by equity accounting | Confédération nationale |
| **Assets** | | | | | |
| Loans, advances and securities | | | | | |
| – *Loans and receivables due from credit institutions* | *3,140* | *0* | *6,858* | *4,708* | *7,293* |
| – *Loans and receivables due from customers* | *0* | *0* | *63* | *0* | *36* |
| – *Securities* | *24* | *0* | *182* | *107* | *325* |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| **Total** | **3,164** | **0** | **7,104** | **4,815** | **7,654** |
| **Liabilities** | | | | | |
| Deposits | | | | | |
| – *Due to credit institutions* | *2,888* | *15* | *2,404* | *5,444* | *2,011* |
| – *Due to customers* | *0* | *0* | *58* | *0* | *37* |
| – *Debt securities* | *5* | *0* | *692* | *5* | *826* |
| Other liabilities | 0 | 0 | 304 | 0 | 266 |
| **Total** | **2,893** | **15** | **3,458** | **5,449** | **3,139** |
| **Financing and guarantee commitments** | | | | | |
| Financing commitments given | 0 | 0 | 0 | 0 | 0 |
| Guarantee commitments given | 0 | 0 | 1,486 | 0 | 1,290 |
| Financing commitments received | 0 | 0 | 25 | 0 | 0 |
| Guarantee commitments received | 0 | 0 | 333 | 0 | 54 |

◆ **Eléments de résultat relatifs aux opérations réalisées avec les parties liées**

| | December 31st, 2010 | | | December 31st, 2009 | |
|---|---|---|---|---|---|
| | Companies consolidated by equity accounting | Companies consolidated using the equity method | Confédération nationale | Companies consolidated by equity accounting | Confédération nationale |
| Interest received | 82 | 0 | 199 | 165 | 232 |
| Interest paid | - 37 | 0 | - 35 | - 94 | - 30 |
| Fee and commissions received | 0 | 0 | 21 | 0 | 7 |
| Fee and commissions paid | 0 | 0 | - 21 | 0 | - 20 |
| Other income (expenses) | 14 | 0 | - 243 | - 48 | - 26 |
| General and administrative expenses | 0 | 0 | - 17 | 0 | - 17 |
| **Total** | **59** | **0** | **- 97** | **23** | **146** |

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CMCEE Group. The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.
In the case of companies consolidated using the proportional method, the amounts include the proportion of intercompany transactions not eliminated on consolidation.

## Note 36 Relations with the Group's main directors

The remuneration paid to the senior management of the Group includes a share relating to their activities within Crédit Mutuel and CIC. It may be made up of a fixed part and a variable part. The remuneration is set by the deliberating bodies on the basis of the suggestions of the remuneration committees of the relevant boards of directors. The senior management of the Group may also be covered by collective provident schemes and top-up pension funds set up for all Group employees.

No capital security or access to the capital or the right to acquire capital securities of the entities under control has been allocated to them. Also, they do not receive directors' fees for their directorships, whether in Group companies or in other companies, but because of their position in the Group. Besides, senior Group management may hold assets or loans in the books of Group banks, on the terms offered to all staff.

As part of that, the overall amount of the remuneration and pay of all natures collected by the seven senior Group managers was 5,736,000 euros in 2010.

## Note 37 Events after the closure of the accounts and other information

The consolidated financial statements of CM5-CIC Group for the year ending December 31st, 2010 were closed by the Board of Directors on February 25th, 2011.

## Note 38 Exposure to risks

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

## Note 40 Statutory auditors' fees

| In thousands of euros | Ernst & Young | | | |
|---|---|---|---|---|
| | Amount 2010 | Amount 2009 | Percentage 2010 | Percentage 2009 |
| **Audit** | | | | |
| Statutory audit, certification and review of financial statements | | | | |
| *– BFCM* | *141* | *73* | *4%* | *2%* |
| *– Fully consolidated subsidiaries* | *2,810* | *3,018* | *88%* | *94%* |
| **Other assignments and services directly related to the statutory audit** | | | | |
| *– BFCM* | | *2* | *0%* | *0%* |
| *– Fully consolidated subsidiaries* | *157* | *53* | *5%* | *2%* |
| **Sub-total** | **3,108** | **3,146** | **97%** | **98%** |
| **Other services provided by the networks to fully consolidated subsidiaries** | | | | |
| *– Legal, tax and employee-related* | | | *0%* | *0%* |
| *– Other* | *99* | *64* | *3%* | *2%* |
| **Sub-total** | **99** | **64** | **3%** | **2%** |
| **Total** | **3,207** | **3,210** | **100%** | **100%** |

| In thousands of euros | KPMG AUDIT | | | |
|---|---|---|---|---|
| | Amount 2010 | Amount 2009 | Percentage 2010 | Percentage 2009 |
| **Audit** | | | | |
| Statutory audit, certification and review of financial statements | | | | |
| *– BFCM* | *100* | *98* | *2%* | *2%* |
| *– Fully consolidated subsidiaries* | *3 601* | *3,214* | *61%* | *72%* |
| **Other assignments and services directly related to the statutory audit** | | | | |
| *– BFCM* | | *6* | *0%* | *0%* |
| *– Fully consolidated subsidiaries* | *260* | *57* | *4%* | *1%* |
| **Sous-total** | **3,961** | **3,375** | **67%** | **76%** |
| **Other services provided by the networks to fully consolidated subsidiaries** | | | | |
| *– Legal, tax and employee-related* | *315* | *7* | *5%* | *0%* |
| *– Other* | *1,644* | *1,066* | *28%* | *24%* |
| **Sous-total** | **1,959** | **1,073** | **33%** | **24%** |
| **Total** | **5,920** | **4,448** | **100%** | **100%** |

The total amount of the auditing fees paid to the statutory auditors not belonging to the network of one of those certifying the consolidated and individual financial statements of the CM5-CIC Group mentioned in the table above, amounts to 7,458 thousand euros for the 2010 financial year.

# Report of the statutory auditors on the consolidated financial statements

KPMG Audit
*Département de KPMG S.A.*
*1, cours Valmy*
*92923 Paris La Défense Cedex*

Statutory Auditor
Member of the Regional Company of Versailles

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

Statutory Auditors
Member of the Regional Company of Versailles

CM5-CIC Group
Year ended December 31st, 2010

Statutory auditors' report on the consolited accounts

The Shareholders, Dear Sirs,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report relating to the financial year ending December 31st, 2010 on:

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

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

**Opinion on the consolidated financial statements**

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

**Justification of assessments**

It is in this context that in application of the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our comments, we hereby inform you of the following facts:

Against the background of financial markets that continue to be highly volatile and an environment that is still uncertain, your Group uses internal models and methodologies for valuing financial instruments that are not handled in active markets, and for constituting provisions, as described in notes 1 and 12 of the appendix. We have examined the control system applicable to these models and methodologies, the parameters used and the list of financial instruments to which they apply.

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

• Your Group has tested the diminution in value of goodwill, which has led, where applicable, to the entering of diminutions in value in this fiscal year (notes 1 and 18 of the appendix). We have examined the modalities of implementation of the tests, the main hypotheses and parameters used, and the estimations that have led, where applicable, to the hedging of the loss of value through diminutions.

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

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

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

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

**Specific verification**

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

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

Paris-La Défense and Neuilly-sur-Seine, April 26th, 2011
The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

Arnaud Bourdeille

Ernst & Young & Autres

Isabelle Santenac