Audited Consolidated Financial Statements of the BFCM Group as of and for the Year Ended December 31, 2010

The financial statements are presented on the following pages.
IFRS consolidated financial statements of BFCM as of December 31, 2010.

Consolidated balance sheet

(in € millions)

Assets

	Notes	December 31, 2010	December 31, 2009
Cash and amounts due from central banks	4a	6,543	8,054
Financial assets at fair value through profit or loss	5a, 5c	40,120	51,628
Derivatives used for hedging purposes	6a, 5c	134	1,710
Available-for-sale financial assets	7, 5c	68,041	67,448
Loans and receivables due from credit institutions	4a	65,415	105,547
Loans and receivables due from customers	8a	159,542	152,072
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	580	522
Held-to-maturity financial assets	9	8,926	7,672
Current tax assets	13a	697	676
Deferred tax assets	13b	1,168	1,128
Accruals and other assets	14a	14,723	15,543
Equity-accounted investments	15	1,589	615
Investment property	16	791	1,059
Property, plant and equipment	17a	1,965	1,955
Intangible assets	17b	935	896
Goodwill	18	4,096	3,990
Total assets		**375,264**	**420,516**

Liabilities and shareholder's equity

	Notes	December 31, 2010	December 31, 2009
Due to central banks	4b	44	1,265
Financial liabilities at fair value through profit or loss	5b, 5c	34,194	47,839
Derivatives used for hedging purposes	6a, 5c, 6c	2,457	4,755
Due to credit institutions	4b	38,193	91,481
Due to customers	8b	116,325	105,649
Debt securities	19	94,646	86,969
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	- 1,331	- 1,777
Current tax liabilities	13a	395	268
Deferred tax liabilities	13b	850	988
Accruals and other liabilities	14b	10,429	10,892
Technical reserves of insurance companies	20	55,442	51,004
Provisions	21	1,420	1,074
Subordinated debt	22	8,619	7,819
Shareholders' equity		**13,581**	**12,290**
Shareholders' equity – Group share		**10,430**	**9,409**
– Subscribed capital and issue premiums	*23a*	*1,880*	*1,880*
– Consolidated reserves	*23a*	*7,508*	*6,774*
– Unrealised or deferred gains and losses	*23c*	*- 363*	*- 53*
– Net income for the year		*1,405*	*808*
Shareholders' equity - Minority interests		**3,151**	**2,881**
Total liabilities and shareholders' equity		**375,264**	**420,516**

Consolidated income statement

(in € millions)

	Notes	2010	2009
Interest income	25	15,748	16,289
Interest expense	25	- 10,915	- 11,787
Commission income	26	3,098	2,965
Commission expense	26	- 843	- 850
Net gain (loss) on financial instruments at fair value through profit or loss	27	77	448
Net gain (loss) on available-for-sale financial assets	28	123	- 37
Income from other activities	29	11,248	9,740
Expenses on other activities	29	- 10,055	- 8,860
Net banking income		**8,481**	**7,908**
Operating expense	30a, 30b	- 4,613	- 4,211
Depreciation, amortization and provisions for non-current assets	30c	- 298	- 237
Gross operating income		**3,570**	**3,461**
Cost of risk	31	- 1,214	- 1,892
Operating income		**2,356**	**1,569**
Share of income/(loss) of affiliates	15	35	55
Gains or losses on other assets	32	8	3
Change in value of goodwill	33	- 45	- 124
Net income before tax		**2,355**	**1,504**
Income tax	34	- 604	- 475
Net income		**1,751**	**1,029**
Net income attributable to minority interests		346	221
Net income – Group share		**1,405**	**808**

Earnings per share (in €)*	35	53.93	31.02

* Basic and diluted earnings per share were identical

Net income and gains and losses recognized directly in shareholders' equity (in € millions)

	Notes	2010	2009
Net income		**1,751**	**1,029**
Translation adjustments		0	- 23
Remeasurement of available-for-sale financial assets		- 300	1,263
Remeasurement of hedging derivative instruments		- 45	- 31
Remeasurement of non-current assets		0	0
Share of unrealized or deferred gains and losses of affiliates		21	6
Total gains and losses recognized directly in shareholders' equity	23c, 23d	**- 324**	**1,214**
Net income and gains and losses recognized directly in shareholders' equity		**1,426**	**2,243**
– including Group share		*1,095*	*1,886*
– including minority interests		*332*	*357*

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

Consolidated statement of net cash flows

(in millions of euros)

	December 31, 2010	December 31, 2009
Net income	1,751	1,028
Income taxes	604	475
Income before income tax	**2,355**	**1,503**
Net depreciation/amortization expense on property and equipment and intangible assets	294	252
Impairment of goodwill and other non-current assets	2	1
Net additions to provisions and impairment	154	1,565
Share of income/loss of affiliates	- 36	- 45
Net loss/gain from investment activities	- 17	- 3
Income/(expense) from financing activities	0	0
Other movements	- 2,451	675
Total non-monetary items included in income before tax and other adjustments	**- 2,054**	**2,445**
Cash flows relating to interbank transactions	- 20,819	- 18,030
Cash flows relating to customer transactions	2,767	19,761
Cash flows relating to other transactions affecting financial assets or liabilities	6,713	- 10,393
Cash flows relating to other transactions affecting non-financial assets or liabilities	322	- 1,899
Taxes paid	- 557	- 375
Net decrease/(increase) in assets and liabilities from operating activities	**- 11,573**	**- 10,935**
Cash flows from (used in) operating activities	**- 11,272**	**- 6,987**
Cash flows relating to financial assets and investments in non-consolidated companies	- 466	1,386
Cash flows relating to investment property	- 121	- 191
Cash flows relating to property, plant, equipment and intangible assets	- 199	- 345
Cash flows from (used in) investing activities	**- 786**	**850**
Cash flows relating to transactions with shareholders	- 182	60
Other net cash flows relating to financing activities	2,642	- 618
Cash flows from (used in) financing activities	**2,460**	**- 678**
Impact of movements in exchange rates on cash and cash equivalents	**127**	**19**
Net increase (decrease) in cash and cash equivalents	**- 9,471**	**- 6,795**
Net cash flows from (used in) operating activities	- 11,272	- 6,987
Net cash flows from (used in) investing activities	- 786	850
Net cash flows from (used in) financing activities	2,460	- 678
Impact of movements in exchange rates on cash and cash equivalents	127	19
Cash and cash equivalents at beginning of year	**4,667**	**11,462**
Cash accounts and accounts with central banks	6,790	11,172
Demand loans and deposits – credit institutions	- 2,123	290
Cash and cash equivalents at end of year	**- 4,805**	**4,667**
Cash accounts and accounts with central banks	6,499	6,790
Demand loans and deposits – credit institutions	- 11,304	- 2,123
Change in cash and cash equivalents	**- 9,471**	**- 6,795**

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital stock	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1, 2009	**1,302**	**578**	**6,898**	**- 45**
Capital increase				
Appropriation of 2008 earnings			29	
2009 dividend paid out of 2008 earnings				
Sub-total: movements arising from shareholder relations			**29**	
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2009 net income				
Sub-total				
Impact of changes in group structure			- 113	
Translation adjustments				5
Shareholders' equity at December 31, 2009	**1,302**	**578**	**6,814**	**- 40**
Shareholders' equity at January 1, 2010	**1,302**	**578**	**6,814**	**- 40**
Appropriation of 2009 earnings			808	
2010 dividend paid out of 2009 earnings			- 129	
Sub-total: movements arising from shareholder relations			**679**	
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2010 net income				
Sub-total				
Impact of changes in group structure			10	
Translation adjustments				46
Other movements	0	0	0	
Shareholders' equity at December 31, 2010	**1,302**	**578**	**7,503**	**6**

1. Reserves at December 31, 2010 include a legal reserve of €120 million, regulatory reserves for a total of €951 million and other reserves amounting to €6,432 million.

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 shareholders' equity
Relating to changes in fair value of available-for-sale financial assets	Relating to changes in fair value of hedging derivative instruments				
- 1,119	- 12	29	7,631	1,922	9,553
		- 29			
				- 60	- 60
		- 29		- 60	- 60
1,059	- 31		1,028	136	1,164
		808	808	221	1,029
1,059	- 31	808	1,836	357	2,193
50			- 63	666	603
			5	- 4	1
- 10	- 43	808	9,409	2,881	12,290
- 10	- 43	808	9,409	2,881	12,290
		- 808			
			- 129	- 53	- 182
		- 808	- 129	- 53	- 182
- 265	- 45		- 310	- 14	- 324
		1,405	1,405	346	1,751
- 265	- 45	1,405	1,095	332	1,427
			10	- 20	- 10
			46	11	57
	0	0	- 1		- 1
- 275	- 89	1,405	10,430	3,151	13,581

Notes to the consolidated financial statements

Note 1: Accounting principles, and methods

Note 1.1 Accounting reference framework

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2010 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2010. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 that replaced regulation 1725/2003. The entire framework is available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The information on risk management required by IFRS 7 is shown in a specific section of the management report.

Standards and Interpretations		Date of application in the EU	Consequences of application
New accounting standards applied with effect from January 1, 2010			
New standards			
IAS 27	Consolidated and Separate Financial Statements and	06/15/2009 and	Prospective application
IFRS 3R	Business Combinations	07/01/2009	with effect from January 1, 2010
Amendments of existing standards			
IFRS 1	First Time Adoption of IFRS	11/29/2009	No impact
	Improvements to IFRSS	03/27/2010	No impact
IFRS 2	Group Cash-settled Share-based Payment Transactions	03/27/2010	No impact
IFRS 1	Additional Exemptions for First-Time Adopters	06/27/2010	No impact
Interpretations			
IFRIC 12	Service Concession Arrangements	03/29/2009	No impact
IFRIC 15	Agreements for the Construction of Real Estate	07/26/2009	No impact
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	06/08/2009	No impact
IFRIC 17	Distributions of Non-cash Assets to Owners	11/30/2009	No impact
IFRIC 18	Transfers of Assets from Customers	12/04/2009	No impact
Standards and interpretations adopted by the European Union not yet applied			
Amendments of existing standards			
IAS 24 R	Related party disclosures	Mandatory application with effect from 01/01/2011	No material impact
IAS 32	Financial instruments: Presentation	Mandatory application effect from 01/01/2011	The amendment relates to the classification of issue rights: not relevant to CIC
Interpretations			
IFRIC 14	Amendment: Prepayments of of a Minimum Funding Requirement	Mandatory application with effect from 01/01/2011	Not relevant to CIC
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Mandatory application with effect from 01/01/2011	Not relevant to CIC

Note 1.2

Scope and basis of consolidation

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IAS 27, IAS 28 and IAS 31.

The consolidation scope comprises:

– ***Entities under exclusive control***: exclusive control is considered as being exercised in cases where the group holds a majority of the shares, directly or indirectly, and either the majority of the voting rights or the power to appoint the majority of members of the board of directors, executive board or supervisory board, or when the group exercises a dominant influence. Entities that are controlled exclusively by the group are fully consolidated.

– ***Entities under joint control***: joint control is exercised by virtue of a contractual agreement, and is the shared control of an economic activity, irrespective of the structure or form under which that activity is conducted. Jointlycontrolled companies are consolidated using the proportional method.

– ***Entities over which the group exercises significant influence***: these are the entities that are not controlled by the consolidating entity, but in which the group has the power to participate in determining their financial and operating policies. The share capital of the entities in which the Group exercises a significant influence is consolidated using the equity method.

Entities controlled by the group or over which it exercises significant influence and which are not material in relation to the consolidated financial statements are not consolidated. This situation is presumed if the total statement of financial position or the income statement of an entity represents less than 1% of the related consolidated or subconsolidated (if applicable) totals. This is a purely relative criterion: an entity may be included in the consolidated group regardless of the 1% threshold if it is regarded as a strategic investment given its activity or its development.

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities are conducted exclusively on behalf of the group; the group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE; the group has rights to obtain the majority of benefits; the group retains the majority of the risks related to the SPE).

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation and their value is accounted for under the fair value option.

◆ Changes in the scope of consolidation

Changes in the scope of consolidation as of December 31, 2010 were as follows:

– ***Entry into the scope of consolidation***:

Banking network subsidiaries: Banco Popular Hipotecario (provisional name for the Crédit Mutuel / Banco Popular partnership), Banque Marocaine du Commerce Extérieur (BMCE).

Corporate finance and capital markets: Diversified Debt Securities SICAV-SIF, Divhold.

Private banking: Banque Transatlantique Singapore Private Ltd, Serficom Brasil.

Other companies: Cime & Mag, Distripub, Est Imprimerie, Europe Régie, Groupe Républicain Lorrain Communication (GRLC), Groupe Républicain Lorrain Imprimeries (GRLI), Imprimerie Michel, Inter'print, La Liberté de l'Est, L'Alsace, L'Alsace Magazines Editions, L'Alsace Multimédia Internet, Le Républicain Lorrain, Les Editions de l'Echiquier, Lumédia, Mediaportage, Républicain Lorrain Communication, Républicain Lorrain TV news, Républicain Lorrain voyages, Rhin Presse, Roto Offset Imprimerie, SCI L'Alsace, SCI Ecriture, SCI Gutenberg, SCI Roseau d'Or, Simply Web, Société Civile de Gestion des Parts dans l'Alsace (SCGPA), Société Française d'Edition de Journaux et d'Imprimés commerciaux L'Alsace (SFEJICA) and Sofiliest.

– Mergers / acquisitions:

Transatlantique Finance with BLC Gestion, CIC Investissement Alsace with CIC Finance, CIC Investissement Est with CIC Investissement, CIC Investissement Nord with CIC Investissement, Sodelem with CM-CIC Bail, and Crefidis with Cofidis.

Consolidation methods

The consolidation methods used are as follows:

◆ Full consolidation

This method involves substituting for the value of the shares each of the assets and liabilities of each subsidiary and recognizing the interests of non-controlling shareholders in shareholders' equity and in the income statement. This method is applicable to all entities under exclusive control, including those that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

◆ Proportionate consolidation

This method involves the consolidation by the consolidating entity of the representative share of its interests in the accounts of the consolidated entity, after restatements if necessary, so that no allowance is made for non-controlling interests. This method is applicable to all entities under joint control, including entities that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

◆ Consolidation using the equity method

This involves substituting for the value of the shares the Group's interest in the equity and in the earnings of the relevant entities. This method applies to entities over which the Group exercises significant influence.

Closing date

All Group companies falling within the scope of consolidation have a December 31 closing date.

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.

Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position.

Goodwill

◆ Measurement differences

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Any difference between carrying amounts and fair value is recognized as goodwill.

◆ Acquisition goodwill

In accordance with IFRS 3R, when the Bank acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at fair value net of selling costs. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".

If the group's stake in an entity it already controls increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies.

Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R.

Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These impairment losses on goodwill – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

Non-controlling interests

These correspond to interests that do not provide control, as defined in IAS 27, and incorporate those instruments representing current ownership interests that entitle the owner to a pro rata share of the net assets of the entity in the event of liquidation, and other equity instruments issued by the subsidiary and not owned by the group.

Note 1.3 Accounting principles and methods

IFRS offer a choice of accounting methods for certain items. The main options adopted by the Group relate to the following:

• The use of fair value or of remeasurement to assess the presumed cost of non-current assets at the time of translation. This option may apply to any tangible asset or intangible asset that satisfies the remeasurement criteria, or to any investment property valued on a cost basis. The Group has chosen not to adopt this option;

• The Group has not opted for the immediate recognition in shareholders' equity of actuarial gains and losses related to employee benefits;

• The Group has opted to re-set translation adjustments to zero in the opening statement of financial position.

• The valuation at market price of certain liabilities issued by the company and not included in the trading book.

• The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.

• The Group uses the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

Note 1.3.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.

The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option).

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

The fair value of loans and receivables is disclosed in the notes to the financial statements at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

Note 1.3.2 Impairment of loans and receivables, financing commitments and financial guarantees given, and available-for-sale or held-to-maturity instruments

◆ Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation. Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under provisions in liabilities for financing and guarantee commitments.

Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

◆ Collective impairment of loans

Customer loans that are not individually impaired are risk-assessed on the basis of loans with similar characteristics. This assessment draws upon internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, while any movements in impairment are included in "Net additions to/reversals from provisions for loan losses" in the income statement.

Note 1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

◆ Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
  - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
  - the net carrying amount of the leased non-current assets;
  - the deferred tax provision.

◆ Finance leases – lessee accounting

In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an amount due to credit institutions is recorded as a liability. Lease payments are broken down between principal repayments and interest.

Note 1.3.4 Acquired securities

The securities held are classified into the three categories defined in IAS 39, namely financial instruments at fair value through profit or loss, financial assets held to maturity, and financial assets available for sale.

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

Classification

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:

a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or

b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. This option is designed to help entities produce more relevant information, by enabling:

a. certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;

b. a significant reduction in accounting mismatches regarding certain assets and liabilities;

c. a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis.

This category mainly includes all securities held in the private equity portfolio.

Basis for recognition and measurement of related income and expenses

Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value and in interest received or accrued on fixed-income securities are taken to the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss". Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are taken to income. Fair value also incorporates an assessment of counterparty risk on these securities.

Fair value or market value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of an instrument upon initial recognition is generally its transaction price.

If the instrument is traded on an active market, the best estimate of fair value is the quoted price.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held. A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.

If the market for a financial instrument is not active, fair value is established using a valuation technique.

Derivatives are remeasured based on available observable market data such as yield curves to which the bid/ ask price is then applied.

A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

Criteria for classification and rules of transfer

Market conditions may cause the Crédit Mutuel Group to review its investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39. Transfers to "Available for sale financial assets" or "Held to maturity financial assets" categories are authorized in exceptional circumstances. Transfers to the "Loans and receivables" category are contingent upon the Group's intention and ability to retain ownership of such securities in the foreseeable future or until maturity. The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

◆ Available-for-sale financial assets

Classification

Available-for-sale financial assets are financial assets that have not been classified as loans and receivables, held-tomaturity financial assets or financial assets at fair value through profit or loss.

Basis for recognition and measurement of related income and expenses

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized or deferred gains or losses recognized in equity are only transferred to the income statement on the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under "Net gain/ (loss) on available-for-sale financial assets. Purchases and sales are recognized at the settlement date.

Income received or accrued from fixed-income available-for-sale securities is recognized in the income statement under "Interest income". Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/ (loss) on available-for-sale financial assets".

◆ Impairment of available-for-sale debt instruments

Impairment losses are recognized in "Net additions to/ reversals from provisions for loan losses" and are reversible.

In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

◆ Impairment of available-for-sale equity instruments

An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) the existence of information on significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and which indicates that the cost of the investment may not be recovered.

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 24 consecutive months implies an impairment. Such instruments are analyzed on a line-byline basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

Impairment is recognized under "Net gain/ (loss) on available-for-sale financial assets" and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

Criteria for classification and rules of transfer

Fixed-income securities may be reclassified:

– Into "Held-to-maturity financial assets" in the event of a change in the management intention, and provided that they qualify for this category;

– Into "Loans and receivables" in the event of a change in the management intention, the ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;

In the event of transfer, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be written back.

In the event of a transfer of instruments with a fixed maturity from "Available for sale financial assets" to the "Held to maturity financial assets" or "Loans and receivables" categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In the case of a transfer of instruments without a fixed maturity date to the "Loans and receivables" category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

◆ Held-to-maturity financial assets

Classification

Held-to-maturity financial assets are financial assets listed on an active market, with fixed or determinable payments that the group has the positive intention and ability to hold to maturity, other than those that the group has designated at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at the end of each reporting period.

Basis for recognition and measurement of related income and expenses

Held-to-maturity investments are recognized at fair value upon acquisition. Transaction costs are deferred and included in the calculation of the effective interest rate, unless they are not material in which case they are recognized immediately through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the actuarial amortization of premiums and discounts corresponding to the difference between the purchase price and redemption value of the asset).

Income earned from this category of investments is included in "Interest income" in the income statement.

Impairment

Should a credit risk arise, impairment on held-to-maturity financial assets is calculated in the same way as for loans and receivables.

Criteria for classification and rules of transfer

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.

Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39.

Furthermore, disposals or transfers of securities in this portfolio are very restricted, due to the provisions laid down in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

◆ Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, as defined by IFRS 7:

• level 1: prices quoted on active markets for identical assets or liabilities;

• level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);

• level 3: data relating to the asset or liability that are not based on observable market data (non-observable data).

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

a) whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the "underlying";

b) which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;

c) which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.

Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in "Net gain/ (loss) on financial instruments at fair value through profit or loss".

Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as fair value hedges or cash flow hedges, as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following three conditions:

• the hybrid instrument is not measured at fair value through profit or loss;
• the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
• the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

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

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.

There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.

The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the end of the reporting period. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products or by extrapolating quoted values. All these parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as "day one profit". IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products with barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

Hedge accounting

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues. Hedges of a net investment in a foreign operation are a special type of cash flow hedge.

At the inception of the hedge, the group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.

The ineffective portion of the hedge is recognized in the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss".

Fair value hedging instruments

The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item "Interest income, interest expense and equivalent - Hedging derivative instruments", symmetrically to the interest income or expenses relating to the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item "Net gain (loss) on financial instruments at fair value through profit or loss" symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.

The hedge must be considered as "highly effective" to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item's fair value or cash flows. The ratio between those two changes must be comprised between 80% and 125%.

If the hedging relationship is interrupted, or the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments – interest rate risk

The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios.

For each portfolio of assets or liabilities, the bank checks that there is no excess hedging, and does so by pillar business line and at each reporting date.

The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.

Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called "Remeasurement adjustment on investments hedged against interest rate risk", the counterpart being an income statement line item.

Cash flow hedging instruments

In the case of a cash flow hedge relationship, the gains or losses on effective hedging instruments are recognized in shareholders' equity under the line item "Unrealized or deferred gains and losses relating to cash flow hedging derivatives", while the ineffective portion is recognized in the income statement under the "Net gains and losses on financial instruments at fair value through profit or loss" heading.

The amounts recognized in shareholders' equity are carried to the income statement under the "Interest income, interest expense and equivalent" heading, at the same rate as the cash flows of the hedged item affect the income statement. The hedged items remain recognized in accordance with the specific provisions for their accounting category.

If the hedging relationship is interrupted, or if the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied. Cumulative amounts recognized in shareholders' equity as a result of the remeasurement of a hedging derivative, remain recognized in equity until the hedged transaction affects earnings or when it becomes apparent that the transaction will not take place. These amounts are subsequently carried to the profit and loss account.

Reclassifications of debt instruments

Fixed income securities or debt instruments valued at fair value through profit or loss can be reclassified into the following categories:

i. "*Financial assets held-to-maturity*", only in rare cases, if management's intention has changed, and provided that they fulfill the eligibility conditions of this category;

ii. "*Loans and receivables*" in the event of a change in management's intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they qualify for this category.

iii. "*Available for sale*" only in rare cases;

Fixed income securities or debt instruments available for sale may be reclassified into the following categories:

a- "*Financial assets held to maturity*", in the event of a change in management's intention or ability, and provided that they fulfill the eligibility conditions of this category;

b- "*Loans and receivables*", in case the Group has the intention and ability to hold the financial assets in the foreseeable future or until maturity, and provided that they qualify for this category.

In the event of a reclassification, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be derecognized.

In the event of a transfer of debt instruments with a fixed maturity from the category "*Financial assets available for sale*" to the "*Financial assets held to maturity*" or "*Loans and receivables*" categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In case of a reclassification of debt instruments with no fixed maturity to the "*Loans and receivables*" category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

Note 1.3.5 Debt represented by a security

Debt evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for their issue value minus, usually, the transaction costs.

These debt securities are subsequently measured at amortized cost using the effective interest method.

Some "structured" debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably.

The host contract is recognized at amortized cost at a later stage. Its fair value is determined based on quoted market prices or valuation models.

Note 1.3.6 Subordinated debt

Term or perpetual subordinated debt is separated from debt securities, because their redemption, should the debtor enter liquidation, is only possible after all the other creditors have been paid. Such debt is valued at amortized cost.

Note 1.3.7 Distinction between Debt and Shareholders' equity

According to the IFRIC 2 interpretation, shares owned by member-shareholders are equity if the entity has an unconditional right to refuse the redemption, or if there are legal or statutory provisions prohibiting or seriously restricting the redemption. In view of the existing legal or statutory provisions, the shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group, are recognized in equity.

The other financial instruments issued by the Group qualify as debt instruments for accounting purposes, where there is a contractual obligation for the Group to provide cash to the security holders. This is in particular the case for all the subordinated securities issued by the Group.

Note 1.3.8 Provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.

A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:

- Legal risk;
- Social commitments;
- Execution risk on off-statement of the financial position commitments;
- Litigation risk and guarantee commitments given;
- Tax risks;
- Risks related to home savings accounts and plans.

Note 1.3.9 Amounts due to customers and credit institutions

Debt includes fixed-or determinable income financial liabilities. They are recognized at their market value when they are posted to the statement of financial position, and are subsequently valued at reporting date at amortized cost using the effective interest method, except for those that have been recognized under the fair value option.

◆ Regulated savings contracts

The "comptes épargne logement" (CEL – home savings accounts) and "plans épargne logement" (PEL - home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential home loan in a second stage.

They generate two types of commitments for the distributing institution:

- A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);
- A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

These commitments have been estimated on the basis of customer behavior statistics and market inputs. A provision has been made on the liabilities side of the statement of financial position to cover future charges related to the potentially unfavorable conditions of such products, compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach results in the generation of homogeneous regulated terms for the PEL and the CEL. The impact on the income statement is recognized as "Interest paid to customers".

Note 1.3.10 Cash and cash equivalents

Cash and cash equivalents consolidate the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.

In the statement of cash flows, UCITS are classified as an "operational activity" and therefore do not need to be reclassified.

Note 1.3.11 Employee benefits

Employee benefits are recognized in accordance with IAS 19. Social obligations are subject, where relevant, to a provision reported under the line item "Provisions for risks and charges". A change in this item is recognized in the income statement under the "Employee expense" heading.

Defined post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.

These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

– The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end

– The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features

– The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities

– Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end

– The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67.

– The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TH/TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.

The Group has opted for the immediate recognition of actuarial gains and losses in the income statement for the year, in the form of provisions not spread over the remaining working life of the employees. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

Supplementary benefits provided by pension funds

The AFB stepping stone agreement of September 13, 1993 modified the pension plans of credit institutions. Since January 1, 1994, all banks are members of the French pension plans of Arrco and Agirc. The four pension funds of which the Group's banks are members have been merged. They provide for the payment of the various charges required by stepping stone agreement, drawing on their reserves completed if necessary by additional annual contributions paid in by the member banks concerned and whose average rate over the next ten years is capped at 4% of the payroll expense. After the merger, the pension fund was transformed into an IGRS (public institution to manage additional retirement benefits) in 2009. It has no asset shortfall.

Other post-employment defined benefits

A provision is recognized for long service awards and supplementary retirement benefits, including special plans. They are valued on the basis of entitlements acquired by all the staff in active service, notably on the basis of staff turnover in the consolidated entities and the estimated future salaries and wages to be paid to the beneficiaries at the time of their retirement, increased where appropriate by social security contributions. The long service awards of the Group's banks in France are covered up to at least 60% by an insurance contract taken out with ACM Vie, an insurance company of the Crédit Mutuel Group, which is fully consolidated.

◆ Defined contribution post-employment benefits

The Group's entities contribute to a number of pension plans managed by organizations that are independent from the Group, for which the entities have no additional formal or implicit payment obligation, in particular if the assets in the pension plans are not sufficient to meet liabilities.

As these plans do not represent obligations of the Group, they are not subject to a provision. The related expenses are recognized in the financial year in which the contributions must be paid.

◆ Long-term benefits

These are benefits to be paid, other than post-employment benefits and termination benefits, which fall due wholly more than 12 months after the end of the period during which the employee rendered the related service, for example work medals, time savings accounts, etc.

The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in the income statement for the accounting period, as the "corridor" method is not allowed.

Obligations in respect of work medals are sometimes covered by insurance policies. A provision is established only the uncovered part of these obligations.

◆ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM5 and CIC groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Life SA.

Employees of the CM5 group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire.

The total amount of the obligation was €670 million as of December 31, 2010, covered by technical reserves of €662 million and €31 million worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The obligation relating to this plan amounted to €256 million as of December 31, 2009, covered by €271 million worth of special technical provisions recognized on the liabilities side of the ACM Vie statement of financial position, including all beneficiaries.

◆ Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than twelve months after the reporting date.

◆ Short-term benefits

These are benefits payable within the twelve months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.

An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

Note 1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies including re-insurance contracts, whether issued or subscribed, and financial contracts including a discretionary profit-sharing clause (granting policyholders the right, in addition to guaranteed remuneration, to receive a share of the financial profits) have been drawn up in accordance with IFRS 4.

The other assets held and liabilities issued by fully-consolidated insurance companies follow the rules common to all of the Group's assets and liabilities. The financial assets representing technical provisions related to unit-linked contracts are shown under the line item "Financial assets at fair value through profit or loss", and are stated at the realizable value of the underlying assets at year-end.

Furthermore, the contracts governed by IFRS 4 remain accounted for and consolidated like under the French standards and are measured and recognized under the same rules, with the exception of some minor restatements, such as those related to the elimination of regulatory equalization provisions and the recognition of deferred participation in accordance with the principles of French regulations applicable to differences in asset values. This mainly includes provisions for deferred profit-sharing arising from the unrealized capital gains or losses accounted for on assets in accordance with IAS 39 (which corresponds under IFRS 4 to the application of "shadow accounting": in order to recognize the share of these unrealized capital gains or losses, the "discretionary participation feature", wholly in provisions and not under shareholders' equity. These provisions for deferred profitsharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.

In addition to the various changes in provisions recognized as liabilities, the other transactions generated by these policies are measured and accounted for under the same rules. This includes the acquisition costs of policies, receivables and liabilities arising from the policies, advances relating to policies and sums arising under recourse and subrogated entitlements from insurance and re-insurance contracts.

On the reporting date, the liabilities carried for these policies (net of other related asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired) are tested to check that they are sufficient to cover the future cash flows estimated at this date. Any shortfall in technical provisions is recognized in income for the period (and may be reversed at a later stage).

The capitalization reserve set aside on a tax exempt basis in the individual accounts of the French companies with respect to the sale of amortizable securities, in order to defer part of the net capital gains generated to maintain the yield-to-maturity ratio of the portfolio built to represent the contractual commitments, is eliminated in the consolidated financial statements. Changes affecting this reserve during the financial year, which are recognized in income in the individual financial statements, are eliminated in the consolidated income statement. On the other hand, if there is a strong probability of allocation to the policyholders, in particular to make allowance for their entitlements under some insurance portfolios of the Group's entities, an entry for deferred participation is made following the restatement of the capitalization reserve.

Note 1.3.13 Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. Investment property comprises assets held to earn rentals or for capital appreciation, or both. Investment property is accounted for at cost, in the same way as assets used in operations.

Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs incurred in the construction or adaptation of property assets are not capitalized.

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property.

The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity. Intangible assets that have an indefinite useful life are not amortized.

Depreciation and amortization of assets used in operations is recognized in "Allowance / write-back of amortization and provisions for fixed operating assets" in the income statement.

Depreciation and amortization relating to investment properties is recognized in "Expenses of the other activities" in the income statement.

The depreciation and amortization periods are:

Property and equipment:

– Land, fixtures, utility services:	15-30 years
– Buildings – structural work:	20-80 years
(depending on the type of building in question)	
– Construction – equipment:	10-40 years
– Fixtures and installations:	5-15 years
– Office equipment and furniture:	5-10 years
– Safety equipment:	3-10 years
– Rolling stock:	3-5 years
– Computer equipment:	3-5 years

Intangible fixed assets:

– Software bought or developed in-house: 1-10 years
– Businesses acquired: 9-10 years
(if acquisition of customer contract portfolio)

Depreciable and amortizable assets are tested for impairment when evidence exists at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

Impairment losses relating to investment properties are recognized in "Expenses on other activities" (for additional impairment losses) and "Income from other activities" (for reversals) in the income statement.

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gain/ (loss) on disposals of other assets".

Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Note 1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.

Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

Net deferred tax assets are recognized only in cases where their recovery is considered highly probable. Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

They are not discounted.

Note 1.3.15 Interest paid by the French Government on some loans

Within the framework of aid to the rural and agricultural sector, as well as the purchase of residential property, some Group entities provide loans at low interest rates, set by the Government. Consequently, these entities receive from the government a contribution equal to the rate differential between the interest rate offered to customers and the predefined benchmark rate. Therefore, no discount is recognized in respect of the loans benefiting from these subsidies.

The structure of the offset mechanism is reviewed by the government on a periodic basis.

The contribution received from the government is recorded in the "Interest and similar income" line and spread over the life of the corresponding loans, pursuant to IAS 20.

Note 1.3.16 Financial guarantees and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP (i.e. as off-balance sheet items), pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a nonfinancial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

Note 1.3.17 Foreign exchange transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

◆ Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss".

◆ Non-monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under "Net gain/ (loss) on financial instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" if they are classified as available-for-sale.

When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of shareholders' equity, under "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting translation differences are recorded under "Cumulative translation adjustment". On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

Note 1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within twelve months of the end of the reporting period.

The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/ amortized.

When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.

Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/ (loss) on discontinued operations and assets held for sale".

Note 1.3.19 Judgments made and estimates used in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements.

This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates. This applies in particular to:

– the impairment of debt and equity instruments,

– the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";

– the assessment of the active nature of certain markets;

– calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;

– impairment tests performed on intangible fixed assets,

– measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements (The notes to the financial statements are presented in millions of euros.)

Note 2 Analysis of statement of financial position and income statement items by activity and geographic region

The Group's activities are as follows:

• Retail banking brings together the network of CIC's regional banks, Targobank in Germany, Cofidis, Banco Popular Espagne, Banque Marocaine du Commerce Exterieur and all special ist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.

• The Insurance business line comprises the Assurances du Crédit Mutuel Group.

• Financing and capital markets covers:

a) Financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;

b) capital markets activities in general, spanning customer and own account transactions involving interest rates instruments, foreign exchange and equities, including brokerage services.

• Private banking encompasses all companies specializing in this area, both in France and internationally.

• Private equity, conducted for the Group's own account, and financial engineering make up a business unit.

• Holding company services include all activities that can not be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities and IT entities holding real estate used for operations.

Each consol idated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the BIGM Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

Note 2a Breakdown of the statement of financial position items by business line

December 31, 2010	Retail banking	Insurance
Assets		
Cash, central banks, post office banks – Assets	1,100	0
Financial assets at fair value through profit or loss	188	10,993
Hedging derivative instruments – Assets	(18)	0
Available-for-sale financial assets	721	38,884
Loans and receivables due from credit institutions	2,621	14
Loans and advances to customers	136,459	228
Held-to-maturity financial assets	68	7,928
Equity-accounted investments	508	325
Liabilities		
Cash, central banks, post office banks – Liabilities	0	0
Financial assets at fair value through profit or loss	67	1,804
Hedging derivative instruments – Liabilities	395	0
Amounts due to credit institutions	17,894	0
Amounts due to customers	83,473	56
Debt securities in issue	21,601	0

December 31, 2009	Retail banking	Insurance
Assets		
Cash, central banks, post office banks – Assets	1,985	0
Financial assets at fair value through profit or loss	150	11,524
Hedging derivative instruments – Assets	1,084	48
Available-for-sale financial assets	600	34,603
Loans and receivables due from credit institutions	45,917	9
Loans and advances to customers	128,756	221
Held-to-maturity financial assets	63	6,080
Equity-accounted investments	187	262
Liabilities		
Cash, central banks, post office banks – Liabilities	0	0
Financial assets at fair value through profit or loss	75	1
Hedging derivative instruments – Liabilities	2,209	0
Amounts due to credit institutions	50,940	0
Amounts due to customers	73,459	47
Debt securities	19,859	0

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
3,978	449	0	1,016	6,543
26,877	113	1,653	295	40,120
(201)	8	0	346	134
22,614	4,816	3	1,004	68,041
58,252	4,437	6	86	65,415
16,641	5,629	0	585	159,542
339	7	0	585	8,926
	1	0	755	1,589
0	44	0	0	44
32,200	162	0	(39)	34,194
1,577	423	0	63	2,457
19,955	344	0	(0)	38,193
6,826	13,621	0	12,349	116,325
70,280	32	0	2,733	94,646

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
4,150	679	0	1,241	8,054
37,765	111	1,682	396	51,628
153	18	0	407	1,710
24,733	5,681	1	1,831	67,448
58,010	5,395	1	(3,784)	105,547
17,727	4,760	0	608	152,072
1,522	6	0	0	7,672
0	1	0	165	615
0	1,265	0	0	1,265
47,627	94	0	42	47,839
2,004	446	0	96	4,755
40,143	398	0	(0)	91,481
6,285	13,472	0	12,386	105,649
64,386	50	0	2,674	86,969

Note 2b Breakdown of the income statement items by business line

2010

	Retail banking	Insurance	Financing and capital markets
Net banking income	6,293	1,114	1,074
General and administrative expense	- 3,691	- 347	- 262
Gross operating income	**2,602**	**767**	**812**
Net additions to (reversals of) provisions for loan losses	- 1,076		- 32
Net gain (loss) on disposal of other assets	24	- 3	
Net income before tax	**1,550**	**764**	**780**
Income tax	- 522	- 169	- 190
Net income	1,028	595	590
Non-controlling interests			
Net income – Group share			

2009 pro-forma

	Retail banking	Insurance	Financing and capital markets
Net banking income	5,787	887	1,532
General and administrative expense	- 3,497	- 340	- 271
Gross operating income	**2,290**	**546**	**1,262**
Net additions to (reversals of) provision for credit losses	- 1,452	0	- 379
Net gain (loss) on disposal of other assets *	17	21	0
Net income before tax	**855**	**567**	**882**
Income tax	- 301	- 155	- 273
Net income	**554**	**412**	**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)
* Retail Banking: Net banking income (-31) General and administrative expenses (+31)
** Inter-businesses: Net banking income (+31) General and administrative expenses (-31)
b) Impact of reclassifications between "Logistics and holding company" and "inter-businesses" (no effect on net accounting income)
** Logistics and holding company: Net banking income (-208) General and administrative expenses (+208)
** Inter-businesses: Net banking income (+208) General and administrative expenses (-208)

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
404	191	- 536	- 59	8,481
- 320	- 35	- 314	59	- 4,910
84	**155**	**- 851**		**3,569**
- 15		- 92		- 1,215
1		- 24		- 2
71	**155**	**- 966**		**2,354**
- 8	- 3	289		- 603
62	153	- 677		1,751
				346
				1,405

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
397	49	- 703	- 40	7,908
- 303	- 28	- 48	40	- 4,447
94	**21**	**-751**		**3,461**
1	0	- 62		- 1,892
0	0	- 103		- 65
95	**21**	**- 916**		**1,504**
- 24	- 1	279		- 475
70	**20**	**- 637**		**1,029**
				221
				808

Note 2c Breakdown of the statement of financial position items by geographic region

	December 31, 2010		
	France	Europe excluding France	Rest of the world *
Assets			
Cash, central banks, post office banks – Assets	1,400	1,166	3,977
Financial assets at fair value through profit or loss	37,453	1,080	1,586
Hedging derivative instruments – Assets	122	10	1
Available-for-sale financial assets	60,611	6,189	1,241
Loans and receivables due from credit institutions	57,632	4,841	2,942
Loans and advances to customers	135,087	21,371	3,084
Held-to-maturity financial assets	8,920	6	0
Equity-accounted investments	952	169	468
Liabilities			
Cash, central banks, post office banks – Liabilities	0	44	0
Financial assets at fair value through profit or loss	32,486	1,518	190
Hedging derivative instruments – Liabilities	2,007	426	23
Amounts due to credit institutions	20,979	13,446	3,768
Amounts due to customers	92,862	22,539	924
Debt securities	76,856	9,985	7,805

* USA, Singapore, Tunisia and Morocco.

Note 2d Breakdown of the income statement items by geographic region

	December 31, 2010		
	France	Europe excluding France	Rest of the world *
Net banking income **	6,126	2,011	343
General and administrative expense	- 3,507	- 1,330	- 74
Gross operating income	**2,619**	**681**	**269**
Net additions to (reversals of) provisions for loan losses	- 432	- 602	- 180
Net gain (loss) on disposal of other assets ***	- 23	- 12	33
Net income before tax	**2,164**	**68**	**122**
Net income	1,558	71	121
Net income – Group share	**1,275**	**20**	**110**

* USA, Singapore, Tunisia and Morocco.
** In 2010, 24% of the Net banking income (excluding Logistics and holding business line) came from foreign operations.
*** Including net profit of associates and impairment losses on goodwill.

	December 31, 2009			
Total	France	Europe excluding France	Rest of the world *	Total
6,543	4,719	2,280	1,055	8,054
40,120	50,965	285	377	51,628
134	1,676	32	3	1,710
68,041	60,256	6,306	886	67,448
65,415	97,080	5,509	2,959	105,547
159,542	128,623	20,572	2,877	152,072
8,926	7,666	6	0	7,672
1,589	196	160	260	615
44	0	1,265	0	1,265
34,194	43,438	4,205	195	47,839
2,457	4,285	465	4	4,755
38,192	77,827	11,573	2,081	91,481
116,325	81,651	23,136	862	105,649
94,646	70,505	11,413	5,051	86,969

	December 31, 2009			
Total	France	Europe excluding France	Rest of the world *	Total
8,481	5,668	1,926	314	7,908
- 4,911	- 3,149	- 1,231	- 68	- 4,448
3,570	**2,519**	**695**	**246**	**3,461**
- 1,214	- 851	- 766	- 274	- 1,892
- 2	- 94	- 1	29	- 65
2,355	**1,574**	**- 72**	**1**	**1,503**
1,751	1,087	- 30	- 29	1,028
1,405	**859**	**- 22**	**- 30**	**808**

Note 3 Scope of consolidation

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	99	99	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Ouest (ex-Banque CIO-BRO)	100	93	FC	100	92	FC
CIC Banque Nord-Ouest (ex-Banque Scalbert Dupont – CIN)	100	93	FC	100	92	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	92	92	FC
CIC Est	100	93	FC	100	92	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	92	FC
CIC Sud-Ouest (ex-Société Bordelaise – SBCIC)	100	93	FC	100	92	FC
TARGOBANK AG & Co. KGa A	100	100	FC	100	100	FC
B. Banking network subsidaries						
Banca Popolare di Milano	5	4	EM	5	4	EM
Banco Popular Hipotecario	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Exterieur (BMCE)	25	25	EM			NC
C2C	100	34	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	72	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Covered Bonds	100	100	FC	100	100	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	92	FC
CM-CIC Laviolette Financement	100	93	FC	100	92	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentine	66	23	FC	66	23	FC
Cofidis Belgique	100	34	FC	100	34	FC
Cofidis Espagne	100	34	FC	100	34	FC
Cofidis France	100	34	FC	100	34	FC
Cofidis Italie	100	34	FC	100	34	FC
Cofidis République Tchèque	100	34	FC	100	34	FC
Cofidis Roumanie	100	34	FC	100	34	FC
Cofidis Slovaquie	100	34	FC	100	34	FC
Creatis	100	34	FC	100	34	FC
Crefidis	0	0	MER	100	34	FC
Factocic	85	79	FC	51	47	FC
FCT CM-CIC Home loans	100	100	FC	100	100	FC
Monabanq	100	34	FC	66	23	FC
Saint-Pierre SNC	100	93	FC	100	92	FC
SCI La Tréflière	46	46	EM	46	46	EM
SOFEMO – Société Fédérative Europ. de Monétique et de Financement	100	98	FC	100	97	FC
Sofim	100	93	FC	100	92	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	92	FC
Diversified Debt Securities	100	95	FC			NC
Divhold	100	95	FC			NC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	92	FC
Banque Transatlantique	100	93	FC	100	92	FC
Banque Transatlantique Belgium	100	91	FC	100	91	FC
Banque Transatlantique Luxembourg (ex-Mutual Bank Luxembourg)	90	86	FC	90	85	FC
Banque Transatlantique Singapore	100	93	FC			NC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking – Banque Pasche	100	93	FC	100	92	FC
CIC Suisse	100	93	FC	100	92	FC
Dubly-Douilhet	63	58	FC	63	58	FC
GPK Finance	100	93	FC	89	82	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	92	FC
Pasche Finance SA Fribourg	100	93	FC	100	92	FC
Pasche Fund Management Ltd	100	93	FC	100	92	FC
Pasche International Holding Ltd	100	93	FC	100	92	FC
Pasche SA Montevideo	100	93	IG	100	92	FC
Serficom Brasil Gestao de Recursos Ltda	52	48	FC			NC
Serficom Family Office Inc	100	93	FC	100	92	FC
Serficom Family Office Ltda Rio	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	92	FC
Serficom Investment Consulting (Shanghaï)	100	93	FC	100	92	FC
Serficom Maroc SARL	100	93	FC	100	92	FC
Transatlantique Finance			MER	100	92	FC
Transatlantique Gestion (ex-BLC Gestion)	100	93	FC	100	92	FC
Valeroso Management Ltd	100	93	FC	45	57	EM
E. Private equity						
CIC Banque de Vizille	98	90	FC	98	91	FC
CIC Finance	100	93	FC	100	92	FC
CIC Investissement	100	93	FC	100	92	FC
CIC Investissement Alsace			MER	100	92	FC
CIC Investissement Est			MER	100	92	FC
CIC Investissement Nord			MER	100	92	FC
CIC Vizille Participations	100	90	FC	100	91	FC
Financière Voltaire	100	93	FC	100	92	FC
Institut de Participations de l'Ouest (IPO)	100	93	FC	100	92	FC
IPO Ingénierie	100	93	FC	100	92	FC
Sudinnova	63	57	FC	57	52	FC
Vizille Capital Finance	100	90	FC	100	91	FC
Vizille Capital Innovation	100	90	FC	100	91	FC

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
F. Logistics and holding company						
Adepi	100	93	FC	100	92	FC
Carmen Holding Investissement	67	67	FC	67	67	FC
CIC Migrations	100	93	FC	100	92	FC
CIC Participations	100	93	FC	100	92	FC
Cicor	100	93	FC	100	92	FC
Cicoval	100	93	FC	100	92	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	45	46	EM	45	46	EM
Cofidis Participations	51	34	FC	51	34	FC
Efsa	100	93	FC	100	92	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
Gesteurop	100	93	FC	100	92	FC
Gestunion 2	100	93	FC	100	92	FC
Gestunion 3	100	93	FC	100	92	FC
Gestunion 4	100	93	FC	100	92	FC
Groupe *Républicain Lorrain Communication* (GRLC)	100	100	FC			NC
Impex Finance	100	93	FC	100	92	FC
Marsovalor	100	93	FC	100	92	FC
Pargestion 2	100	93	FC	100	92	FC
Pargestion 4	100	93	FC	100	92	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans *l'Alsace* (SCGPA)	50	50	FC			NC
Société Française d'Édition de Journaux et d'Imprimés	100	97	FC			NC
Sofiholding 2	100	93	FC	100	92	FC
Sofiholding 3	100	93	FC	100	92	FC
Sofiholding 4	100	93	FC	100	92	FC
Sofinaction	100	93	FC	100	92	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	92	FC
Ugépar Service	100	93	FC	100	92	FC
Valimar 2	100	93	FC	100	92	FC
Valimar 4	100	93	FC	100	92	FC
VTP 1	100	92	FC	100	92	FC
VTP 5	100	93	FC	100	92	FC
G. Insurance companies						
ACM IARD	96	69	FC	96	69	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Euro Protection Services	100	72	FC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré	100	69	FC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	20	14	EM

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
H. Other companies						
ACM GIE	100	72	FC	100	72	FC
ACM Services	100	72	FC	100	72	FC
Agence générale d'informations régionales	49	49	EM	100	100	FC
Cime & Mag	100	97	FC			NC
Darcy presse			NC	100	100	FC
Distripub	100	97	FC			NC
Documents AP	100	100	FC	100	100	FC
Est imprimerie	100	97	FC			NC
Europe Régie	66	64	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	100	FC			NC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC			NC
Information pour la communication			MER	50	50	FC
Interprint	100	100	FC			NC
Jean Bozzi Communication	100	100	FC	100	100	FC
La Gazette indépendante de Saône-et-Loire	0	0	MER	100	100	FC
La Liberte de l'Est	49	49	EM			NC
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC			NC
L'Alsace Magazines Editions – L'Ame	100	97	FC			NC
Le Bien Public	100	100	FC	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC			NC
Les Editions de l'Echiquier	100	97	FC			NC
Les Journaux de Saône-et-Loire	100	100	FC	100	100	FC
Lumedia	50	50	PC			NC
Lyon Plus	0	0	MER	100	100	FC
Lyonnaise de Télévision	0	0	NC	60	60	FC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC			NC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint Province n° 1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC			NC
Républicain Lorrain – TV News	100	100	FC			NC
Républicain Lorrain Voyages	100	100	FC			NC
Rhône Offset Presse	0	0	MER	100	100	FC
Roto Offset	100	97	FC			NC
SCI 6, place Joubert	0	0	NC	100	100	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC			NC
SCI du Palais	0	0	NC	100	100	FC
SCI Ecriture	100	97	FC			NC
SCI Gutenberg	100	100	FC			NC
SCI Hôtel-de-Ville	0	0	NC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	30	30	EM

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
SCI Roseau d'Or	100	97	FC			NC
SIIC Foncière Massena	78	56	FC	77	55	FC
Société d'édition des hebdomadaires et périodiques locaux	100	100	FC	100	100	FC
Sofiliest	49	49	EM			NC

* Method:
FC = Full consolidation.
EM = Equity method.
PC = Proportionate consolidation.
NC = Not consolidated.
MER = Merged.

Note 4 Cash, Central banks

Note 4a Loans and receivables due from credit institutions

	December 31, 2010	December 31, 2009
Cash, and amounts due from Central banks		
Amounts due from Central banks *– including reserve requirements*	6,001 *1,255*	7,485 *2,560*
Cash	542	569
Total	**6,543**	**8,054**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	2,401	1,423
Other current accounts in debit	5,156	3,396
Loans	49,532	91,951
Other receivables	688	890
Securities not listed in an active market	4,681	5,881
Repurchase agreements	1,742	855
Individually impaired receivables	1,267	1,506
Accrued income	297	165
Impairment provisions	- 350	- 520
Total	**65,415**	**105,547**

1. Mainly outstanding repayments – CDC (LEP, LDD, Livret Bleu).

Note 4b Amounts due to credit institutions

	December 31, 2010	December 31, 2009
Due to central banks	**44**	**1,265**
Due to credit institutions		
Crédit Mutuel network accounts [1]	0	0
Other current accounts	15,841	2,097
Borrowings	17,862	86,817
Other	369	550
Repurchase agreements	4,052	1,929
Accrued interest	69	88
Total	**38,237**	**92,746**

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

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

	December 31, 2010			December 31, 2009		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	15,931	13,128	29,059	19,302	13,966	33,268
– Government securities	2,766	30	2,796	4,754	*88*	*4,843*
– Bonds and other fixed-income securities	11,994	3,446	15,440	12,307	3,419	15,725
Listed	*11,994*	*3,399*	*15,393*	*12,307*	*3,350*	*15,656*
Unlisted	*0*	*48*	*48*	*0*	*69*	*69*
– Equities and other variable-income securities	1,171	9,652	10,823	2,241	10,459	12,700
Listed	*1,171*	*8,095*	*9,266*	*2,241*	*8,948*	*11,188*
Unlisted	*0*	*1,557*	*1,557*	*0*	*1,511*	*1,511*
Trading derivative instruments	2,612	0	2,612	3,384	0	3,384
Other financial assets		8,448	8,448		14,975	14,975
– including resale agreements		*8,448*	*8,448*		*14,974*	*14,974*
Total	**18,543**	**21,577**	**40,120**	**22,686**	**28,942**	**51,628**

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

	December 31, 2010	December 31, 2009
Financial liabilities held for trading	7,305	9,784
Financial liabilities at fair value by option through profit or loss	26,889	38,055
Total	**34,194**	**47,839**

◆ Financial liabilities held for trading

	December 31, 2010	December 31, 2009
Short selling of securities	1,864	4,168
– Government securities	*1*	*0*
– Bonds and other fixed-income securities	*1,315*	*3,496*
– Equities and other variable-income securities	*548*	*673*
Trading derivative instruments	4,680	5,274
Derivatives held for trading	760	342
Total	**7,305**	**9,784**

◆ Financial liabilities at fair value by option through profit or loss

	December 31, 2010			December 31, 2009		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	473	472	1	3,670	3,668	2
Interbank liabilities	25,265	25,259	6	27,193	27,175	18
Due to customers	1,151	1,151	0	7,192	7,192	0
Total	**26,889**	**26,882**	**7**	**38,055**	**38,035**	**20**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	65,084	1,938	1,019	68,041
– Government and similar securities – AFS	*13,973*	*0*	*0*	*13,973*
– Bonds and other fixed-income securities – AFS	*44,431*	*1,906*	*338*	*46,675*
– Equities and other variable-income securities – AFS	*5,003*	*0*	*44*	*5,047*
– Investments in non-consolidated companies and other LT investments – AFS	*1,648*	*8*	*301*	*1,957*
– Investments in associates – AFS	*29*	*24*	*336*	*389*
Transaction / Fair value by option (FVO)	23,936	12,984	3,200	40,120
– Government and similar securities – Transaction	*2,634*	*132*	*0*	*2,766*
– Government and similar securities – FVO	*30*	*0*	*0*	*30*
– Bonds and other fixed-income securities – Transaction	*8,960*	*1,455*	*1,579*	*11,994*
– Bonds and other fixed-income securities – FVO	*2,982*	*464*	*0*	*3,446*
– Equities and other variable-income securities – Transaction	*1,156*	*0*	*15*	*1,171*
– Equities and other variable-income securities – FVO	*8,083*	*0*	*1,569*	*9,652*
– Loans and receivables due from credit institutions – FVO	*0*	*4,077*	*0*	*4,077*
– Loans and receivables due from customers – FVO	*0*	*4,372*	*0*	*4,372*
– Derivative instruments and other financial assets – Transaction	*30*	*2,484*	*98*	*2,612*
Hedging derivative instruments – Assets	3	124	*7*	134
Total	**88,962**	**15,046**	**4,287**	**108,295**
Financial liabilities				
Transaction / Fair value by option (FVO)	2,659	31,488	47	34,194
– Due to credit institutions – FVO	*0*	*25,265*	*0*	*25,265*
– Due to customers – FVO	*0*	*1,151*	*0*	*1,151*
– Debt securities – FVO	*0*	*473*	*0*	*473*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Transaction	*2,659*	*4,599*	*47*	*7,305*
Hedging derivative instruments	3	2,431	23	2,457
Total	**2,662**	**33,919**	**70**	**36,651**

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

Level 3 details

	Opening	Purchases	Sales	Gains and losses recognized in profit	Other transactions	Close
Equities and other variable-income securities – FVO	1,536	262	- 372	168	- 25	1,569

Note 6 Hedging

Note 6a Hedging derivative instruments

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedge	4	45	2	26
Fair value hedge (change in value recognized through profit or loss)	130	2,412	1,709	4,729
Total	**134**	**2,457**	**1,710**	**4,755**

Note 6b Remeasurement adjustment on investments hedged against interest risk

	Fair value December 31, 2010	Fair value December 31, 2009	Change in fair value
Fair value of interest rate risk by investment category			
Financial assets	580	522	58
Financial liabilities	- 1,331	- 1,777	446

Note 6c Analysis of derivative instruments

	December 31, 2010			December 31, 2009		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	*381,936*	*1,724*	*3,650*	*353,557*	*1,993*	*4,137*
– Other forward contracts	*10,704*	*4*	*0*	*13,486*	*24*	*1*
– Options and conditional transactions	*48,423*	*213*	*258*	*60,907*	*457*	*437*
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*	*286*	*347*	*23,699*	*289*	*230*
– Other forward contracts	*3,598*	*0*	*0*	*6,045*	*0*	*3*
– Options and conditional transactions	*1,624*	*56*	*70*	*14,376*	*296*	*142*
Sub-total	**484,474**	**2,612**	**4,680**	**487,070**	**3,384**	**5,274**
Hedging derivative instruments						
Fair value hedging derivative instruments						
– Swaps	*77,370*	*129*	*2,412*	*72,375*	*1,658*	*4,729*
– Options and conditional transactions	*2*	*1*	*0*	*14*	*51*	*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	**77,372**	**134**	**2,457**	**72,474**	**1,710**	**4,755**
Total	**561,846**	**2,745**	**7,137**	**559,545**	**5,095**	**10,028**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	December 31, 2010	December 31, 2009
Government securities	13,790	15,270
Bonds and other fixed-income securities	46,547	44,950
– Listed	*46,075*	*44,512*
– Unlisted	*472*	*438*
Equities and other variable-income securities	5,059	4,697
– Listed	*4,971*	*4,596*
– Unlisted	*88*	*101*
Long-term investments	2,328	2,223
– Investments in non-consolidated companies	*1,582*	*1,410*
– Other long-term investment	*375*	*393*
– Investments in associates	*371*	*420*
Accrued interest	316	309
Total	**68,041**	**67,448**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 673*	*- 443*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*375*	*433*
Including impairment of bonds and other fixed-income securities	*- 82*	*- 84*
Including impairment of equities and other variable-income securities and long-term investments	*- 1,540*	*- 1,535*

Note 7b List of major investments in non-consolidated companies

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

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

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

Note 8 Customers

Loans and receivables due from customers

	December 31, 2010	December 31, 2009
Performing loans	148,292	141,182
Commercial loans	4,307	3,941
Other customer loans *– Home loans* *– Other loans and receivables, including resale agreements*	143,222 *61,298* *81,923*	136,550 *56,408* *80,142*
Accrued income	346	333
Securities not listed in an active market	417	358
Insurance and reinsurance receivables	174	160
Individually impaired receivables	9,454	9,186
Gross receivables	**157,920**	**150,527**
Individual impairment	- 6,095	- 5,517
Collective impairment	- 341	- 326
Sub-total I	**151,483**	**144,674**
Finance leases (net investment)	8,188	7,507
Furniture and movable equipment	5,263	4,897
Real estate	2,748	2,461
Individually impaired receivable	177	149
Individual impairment	- 130	- 109
Sub-total II	**8,059**	**7,398**
Total	**159,542**	**152,072**
Including participatory loans *Including subordinated notes*	*28* *12*	*6* *168*

Finance leases with customers

	December 31, 2009	Acquisition	Sale	Other	December 31, 2010
Gross carrying amount	7,507	1,465	- 1,502	718	8,188
Impairment of irrecoverable rent	- 109	- 35	25	- 11	- 130
Net carrying amount	7,398	1,430	- 1,477	708	8,059

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

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

Note 8b Amounts due to customers

	December 31, 2010	December 31, 2009
Regulated savings accounts	30,371	30,296
– Demand	*20,328*	*18,770*
– Term	*10,043*	*11,525*
Accrued interest on savings accounts	13	18
Sub-total	**30,384**	**30,314**
Demand deposits	44,606	40,820
Term accounts and loans	39,844	31,925
Repurchase transactions	684	1,876
Accrued interest	751	667
Insurance and reinsurance payables	56	47
Sub-total	**85,941**	**75,335**
Total	**116,325**	**105,649**

Note 9 Held-to-maturity financial assets

	December 31, 2010	December 31, 2009
Securities	8,935	7,653
– Bonds and other fixed-income securities	8,935	7,653
Quoted	8,906	7,636
Non-quoted	30	16
Accrued income	2	20
Gross total	**8,938**	**7,672**
Including impaired assets	*25*	*1*
Provisions for impairment	- 12	- 1
Net total	**8,926**	**7,672**

Note 10 Movements in provisions for impairment

	December 31, 2009	Additions	Reversals	Other	December 31, 2010
Loans and receivables due from credit institutions	- 520	- 131	321	- 19	- 350
Loans and receivables due from customers	- 5,942	- 1,938	1,336	- 2	- 6,566
Available-for-sale securities	- 1,620	- 44	81	- 39	- 1,623
Held-to-maturity securities	- 1	- 12	0	1	- 12
Total	**- 8,103**	**- 2,124**	**1,738**	**- 60**	**- 8,550**

At December 31, 2010 provisions for loans and receivables due from customers amounted to €6,566 million (compared to €5,962 in 2009), of which collective provisions totaled of €341 million. Individual provisions essentially relate to current accounts in debit, for €790 million (compared to €848 million at the end of 2009) and to provisions for commercial and other loans (including home loans) for €5,305 million (compared to €4,669 million at the end of 2009).

Note 11 Reclassification of financial instruments

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

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

Note 12 Exposures affected by the financial crisis

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

1. Securitization

	December 31, 2010		December 31, 2009
Summary	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**

1.1 RMBS exposure

	December 31, 2010		December 31, 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
Rest of the world	396	405	510
Total	**5,579**	**6,197**	**5,387**
Agencies	1,075	1,064	688
AAA	2,984	3,026	3,080
AA	322	340	263
A	69	91	85
BBB	71	108	27
BB	43	51	42
Below or equal to B	1,015	1,517	1,194
Not rated	0	0	8
Total	**5,579**	**6,197**	**5,387**

Exposure to RMBS issued in the USA

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

1.2 CMBS exposure

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

1.3 ABS exposure

1.3.1 CLO / CDO exposure

CDO not hedged by CDS	December 31, 2010		December 31, 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
Rest of the world	0	0	943
Total	**1,887**	**1,896**	**1,806**
Agencies	0	0	0
AAA	1,070	1,076	1,434
AA	600	605	322
Other	217	216	50
Total	**1,887**	**1,897**	**1,806**

1.3.2 Exposure to other ABS

Other ABS not hedged by CDS	December 31, 2010		December 31, 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
Rest of the world	44	44	70
Total	**849**	**853**	**1,532**
AAA	601	598	1,180
AA	78	78	148
A	7	7	13
BBB	150	151	191
BB	13	19	0
Total	**849**	**853**	**1,532**

1.3.3 Exposures hedged by CDS

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

1.4 Transactions with special purpose vehicles

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

2. LBO exposure

	December 31, 2010	December 31, 2009
	Carrying value	Carrying value
Dedicated funding structures by geographic region		
France	1,671	1,371
Europe, excluding France	408	494
USA	127	140
Rest of the world	70	50
Total	**2,276**	**2,055**

Dedicated funding structures by business sector (in %)

	December 31, 2010	December 31, 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 Corporate income tax

Note 13a Current income tax

	December 31, 2010	December 31, 2009
Asset (by income)	697	676
Liability (by income)	395	268

Note 13b Deferred income tax

	December 31, 2010	December 31, 2009
Asset (by income)	732	756
Asset (by shareholders' equity)	436	372
Liability (by income)	643	815
Liability (by shareholders' equity)	207	173

Breakdown of deferred income tax by major categories

	December 31, 2010		December 31, 2009	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– Deferred gains (losses) on available-for-sale securities	*436*	*207*	*372*	*173*
– Impairment provisions	*452*		*254*	
– Unrealized finance lease reserve		*112*		*69*
– Earnings of fiscally transparent (pass-through) companies		*4*		*3*
– Remeasurement of financial instruments	*603*	*286*	*661*	*345*
– Accrued expenses and accrued income	*52*	*616*	*75*	*748*
– Tax losses [1 2]	*244*		*282*	
– Insurance activities	*36*	*209*	*107*	*291*
– Other timing differences	*0*	*71*	*104*	*84*
Netting	- 655	- 655	- 725	- 725
Total deferred tax assets and liabilities	**1,168**	**850**	**1,128**	**988**

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

Note 14 Accruals, other assets and other liabilities

Note 14a Accruals and, other assets

	December 31, 2010	December 31, 2009
Accruals assets		
Collection accounts	346	523
Currency adjustment accounts	13	413
Accrued income	426	395
Other accruals	2,068	2,123
Sub-total	**2,854**	**3,454**
Other assets		
Securities settlement accounts	92	163
Miscellaneous receivables	11,416	11,605
Inventories and equivalent	11	5
Other	11	- 11
Sub-total	**11,530**	**11,761**
Other insurance assets		
Other	339	328
Sub-total	**339**	**328**
Total	**14,723**	**15,543**

Note 14b Accruals and other liabilities

	December 31, 2010	December 31, 2009
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	463	689
Currency adjustment accounts	275	596
Accrued expenses	635	525
Other accruals	6,329	5,956
Sub-total	**7,713**	**7,767**
Other liabilities		
Securities settlement accounts	74	151
Outstanding amounts payable on securities	70	114
Miscellaneous payables	2,409	2,728
Sub-total	**2,553**	**2,992**
Other insurance liabilities		
Deposits and guarantees received	163	133
Other	0	0
Sub-total	**163**	**133**
Total	**10,429**	**10,892**

Note 15 Equity-accounted investments

◆ Equity value and share of net income (loss)

	December 31, 2010		December 31, 2009	
	Equity method value	Share of net income (loss)	Equity method value	Share of net income (loss)
ACM Nord	17	1	17	3
ASTREE Assurance	21	3	16	2
Banca Popolare di Milano	170	1	128	9
Banque de Tunisie	49	7	46	8
Banque Marocaine du Commerce Extérieur	833	15	NC	NC
CMCP	5	0	5	8
Euro Information	191	12	174	18
RMA Watanya	210	8	198	19
Royal Automobile Club de Catalogne	77	- 14	31	1
SCI Treflière	12	1	13	1
Other	4	1	- 13	- 16
Total	**1,589**	**35**	**615**	**55**

Note 16 Investment property

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost	1,176	121	0	- 348	948
Accumulated depreciation and impairment losses	- 116	- 13	0	- 29	- 158
Net amount	**1,059**	**108**	**0**	**- 376**	**791**

The fair value of investment property carried at amortized cost was €1,110 million at December 31, 2010.

Note 17 Property, equipment and intangible assets

Note 17a Property and equipment

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost					
Land used in operations	381	3	- 6	- 8	370
Buildings used in operations	2,417	106	- 43	31	2,513
Other	1,098	78	- 69	113	1,221
Total	**3,896**	**188**	**- 117**	**136**	**4,103**
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	0	- 1
Buildings used in operations	- 1,192	- 125	34	- 10	- 1,293
Other property and equipment	- 749	- 70	48	- 72	- 844
Total	**- 1,942**	**- 195**	**82**	**- 83**	**- 2,138**
Net	**1,955**	**- 7**	**- 35**	**54**	**1,965**
Of which leased under finance leases					
Land used in operations	45	0	- 45	0	0
Buildings used in operations	37	0	- 36	- 1	0
Total	**82**	**0**	**- 81**	**- 1**	**0**

Note 17b Intangible assets

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost					
Internally developed intangible assets	12	2	0	0	14
Purchased intangible assets	1,100	82	- 47	110	1,245
– *Software*	*420*	*46*	*- 13*	*10*	*463*
– *Other*	*680*	*35*	*- 34*	*101*	*782*
Total	**1,112**	**84**	**- 47**	**110**	**1,260**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 217	- 102	18	- 24	- 325
– *Software*	*- 140*	*- 63*	*12*	*- 1*	*- 192*
– *Other*	*- 77*	*- 38*	*6*	*- 24*	*- 132*
Total	**- 217**	**- 102**	**18**	**- 24**	**- 325**
Net	**896**	**- 18**	**- 29**	**86**	**935**

Note 18 Goodwill

	December 31, 2009	Acquisitions	Disposals	Other movements	December 31, 2010
Goodwill gross	4,114	268	- 117	0	4,265
Accumulated impairment losses	- 124	0	0	- 45	- 169
Goodwill net	**3,990**	**268**	**- 117**	**- 45**	**4,096**

Subsidiaries	Goodwill at December 31, 2009	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31, 2010
Banca Popolare di Milano [a]	41		- 41		0
Banco Popular Hipotecario		183			183
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
CIC Iberbanco	15				15
CIC Private Banking – Banque Pasche	43	9			52
Cofidis Participation [b]	389		- 11		378
Crédit Industriel et Commercial (CIC)	506				506
GPK Finance	5				5
IPO	21				21
Monabanq	17				17
Targobank	2,760		- 3		2,757
Other [c]	172	77	- 61	- 45	143
Total	**3,990**	**268**	**- 117**	**- 45**	**4,096**

Goodwill is reviewed at the end of the financial period to identify any permanent impairment.
Depending on the particular situation, this review consists of:
– verifying that the price used for the most recent transaction is above the carrying amount, or
– verifying that the valuation assumptions at the acquisition date are still valid.

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

Note 19 Debt securities

	December 31, 2010	December 31, 2009
Retail certificates of deposit	84	36
Interbank instruments and money market securities	63,206	56,461
Bonds	30,688	29,917
Accrued interest	668	555
Total	**94,646**	**86,969**

Note 20 Insurance companies' technical reserves

	December 31, 2010	December 31, 2009
Life	46,655	43,006
Non-life	2,015	1,945
Unit of account	6,579	5,858
Other	193	196
Total	**55,442**	**51,004**

Note 21 Provisions

	December 31, 2009	Additions	Reversals (provision used)	Reversals (provision not used)	Other movements	December 31, 2010
Provisions for risks	**399**	**155**	**- 48**	**- 77**	**10**	**440**
Signature commitments	140	61	- 14	- 46	- 4	137
Financing and guarantee commitments	1				0	1
On country risks	3	17			0	20
Provisions for taxes	136	7	- 16	- 7	- 1	119
Provisions for claims and litigation [5]	70	61	- 7	- 7	15	132
Provisions for risks on miscellaneous receivables	49	8	- 9	- 17	- 1	30
Other provisions for counterparty risks	0				0	0
Other provisions	**503**	**345**	**- 54**	**- 40**	**19**	**772**
Provisions for home savings accounts and plans	70	1	0	- 9	0	62
Provisions for miscellaneous contingencies	236	235	- 27	- 20	8	432
Other provisions	197	108	- 26	- 11	11	279
Provisions for retirement benefits	**172**	**81**	**- 17**	**- 16**	**- 12**	**208**
Retirement benefits, defined benefit and equivalent, excluding pension funds						
Retirement bonuses [1]	61	64	- 10	- 7	- 9	99
Supplementary retirement benefits	66	11	- 7	- 1	- 4	66
Long service awards (other long-term benefits)	35	3	0	- 8	0	30
Sub-total to statement of financial position	**162**	**78**	**- 17**	**- 16**	**- 13**	**194**
Supplementary retirement benefits, defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls [2] *Fair value of assets*	10	2	0	0	1	13
Sub-total to statement of financial position	**10**	**2**	**0**	**0**	**1**	**13**
Total	**1,074**	**580**	**- 119**	**- 133**	**17**	**1,420**

Assumptions

	2010	2009
Discount rate [3]	4%	5%
Annual increase in salaries [4]	Minimum 1.5%	3%

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 31, 2009	Discounted amount	Financial income	Cost of services performed
Commitments	137	5		18
Insurance contract	76		3	
Provisions	61	5	- 3	18

Provisions for home savings accounts and plans signature risk

	December 31, 2010	December 31, 2009
Home savings plan outstandings		
Seniority between 0-4 years	1,719	1,163
Seniority between 4-10 years	1,821	1,911
Seniority over 10 years	2,245	2,298
Total	5,785	5,372
Savings account outstandings	**789**	**784**
Total home savings accounts and plans	**6,618**	**5,896**

Home savings loans

	December 31, 2010	December 31, 2009
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	241	283

Provisions for home savings accounts and plans

	Opening balance	Net additions/ reversals	Other movements	Closing balance
On home savings accounts	20	(6)		14
On home savings plans	40			40
On home savings loans	9	(1)		8
Total	**69**	**(7)**		**62**

Analysis of provisions on housing savings plans by seniority

	Opening balance	Net additions/ reversals	Other movements	Closing balance
Seniority between 0-4 years	24			21
Seniority between 4-10 years	0			7
Seniority over 10 years	16			12
Total	**40**			**40**

Other costs, incl. past service	Actuarial gains (losses)	Payments to beneficiaries	Insurance premiums	Other	December 31, 2010
9	65	- 21		7	220
0	1	- 7	49	0	122
9	64	- 14	- 49	7	99

Home savings accounts (*comptes épargne logement*, CEL) and home savings plans (*plans épargne logement*, PEL) are products under French regulated savings products, allowing individual customers to invest over time in an interest bearing account giving subsequent entitlement to a home loan. These products place a twofold commitment on the distributor:
– a commitment to provide a return to depositors on amounts invested: fixed-rate for PEL and variable-rate (periodically reviewed based on benchmark indexes) for CEL.
– a commitment to lend to those customers on demand, on predetermined terms (for both CEL and PEL).

The commitments have been estimated on the basis of customer statistical behavior and market inputs.

A provision is established in the liabilities section of the statement of financial position to cover potential future costs arising from unfavorable conditions relating to these products, on the basis of interest rates offered to individual customers by smilar, non-regulated products. This approach is based on homogenous generations of regulated terms for PEL. The impact on income is recognized as "interest due to customers".

The decrease in the provisions for risks at December 31, 2010 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

Note 22 Subordinated debt

	December 31, 2010	December 31, 2009
Subordinated notes	5,243	4,346
Non-voting loan stock	54	156
Perpetual subordinated notes	3,096	3,096
Other debt	130	127
Accrued interest	97	94
Total	**8,619**	**7,819**

Main subordinated debts issues

In € millions	Type
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
CIC	Non-voting loan stock
CIC	Perpetual subordinated note
CIC	Perpetual subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated notes
Banque Fédérative du Crédit Mutuel	Loan
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated notes
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note

1. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
2. Non-amortizable, but redeemable at borrower's discretion with effect from May 28th, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
3. 6-month Euribor + 167 basis points.
4. 6-month Euribor + 107 basis points for the first 10 years; + 207 basis points for subsequent years, unless redeemed.
5. 3-month Euribor + 25 basis points.
6. 3-month Euribor + 665 basis points.
7. 1-year Euribor + 0.3 basis points.

Issue date	Amount issued	Amount at December 31, 2010	Rate	Maturity
June 29, 2001	€50m	€50m	5.40	June 29, 2011
July 19, 2001	€700m	€700m	6.50	July 19, 2013
Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
May 28, 1985	€137m	€137m	[1]	[2]
June 30, 2006	€200m	€200m	[3]	No fixed maturity
June 30, 2006	€550m	€550m	[4]	No fixed maturity
	€1,600m	€1,600m		No fixed maturity
Dec. 28, 2005	€500m	€500m	[7]	No fixed maturity
Dec. 19, 2006	€1,000m	€1,000m	[5]	Dec. 19, 2016
Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.50	June 16, 2016
Oct. 17, 2008	€147m	€147m	[6]	No fixed maturity
Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Oct. 10, 2010	€1,000m	€1,000m	4.00	Oct. 22, 2020

Note 23 Shareholders' equity

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

	December 31, 2010	December 31, 2009
Capital stock, additional paid-in capital and reserves	1,880	1,880
– *Capital*	*1,302*	*1,302*
Premium relating to issue, transfer, merger, split, conversion	578	578
Consolidated reserves	7,508	6,774
– *Regulated reserves*	*7*	*7*
– *Translation reserve*	*6*	*- 40*
– *Other reserves (including effects related to first application of standards)*	*7,499*	*6,940*
– *Retained earnings*	*- 3*	*- 133*
Net income	1,405	808
Total	**10,793**	**9,462**

Note 23b Unrealized or deferred gains and losses

	December 31, 2010	December 31, 2009
Unrealized or deferred gains and losses * relating to:		
Available-for-sale assets		
– *Equities*	*375*	*433*
– *Bonds*	*- 673*	*- 443*
Cash flow hedging derivatives	- 89	- 43
Share of unrealized or deferred gains and losses of affiliates	29	19
Total	**- 358**	**- 34**
Attributable to equity holders of the parent company	*- 363*	*- 53*
Non-controlling interests	*5*	*19*

* Net of tax.

Note 23c Recycling of gains and losses recognized directly in equity

	Movements 2010	Movements 2009
Translation adjustments		
Reclassification in income	0	0
Other movements	0	- 23
Sub-total	**0**	**- 23**
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 104	595
Other movements	- 196	668
Sub-total	**- 300**	**1,263**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movements	- 45	- 31
Sub-total	**- 45**	**- 31**
Share of unrealized or deferred gains and losses of affiliates	21	6
Total	**- 324**	**1,214**

Note 23d 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	- 350	50	- 300	1,708	- 445	1263
Remeasurement of hedging derivatives	- 46	0	- 45	- 30	- 1	- 31
Share of unrealized or deferred gains and losses of affiliates	21	0	21	6		6
Total gains and losses recognized directly in shareholder's equity	**- 375**	**50**	**- 324**	**1660**	**- 446**	**1214**

Note 24 Commitments given and received

◆ Commitments given

	December 31, 2010	December 31, 2009
Financing commitments		
To credit institutions	1,720	1,472
To customers	41,047	38,147
Guarantee commitments		
To credit institutions	5,061	4,198
To customers	9,035	12,381
Commitments on securities		
Other commitments given	879	1,155
Commitments given by Insurance business line	**291**	**301**

◆ Commitments received

	December 31, 2010	December 31, 2009
Financing commitments		
From credit institutions	22,810	14,754
Guarantee commitments		
From credit institutions	27,679	19,715
From customers	4,826	5,672
Commitments received on securities		
Other commitments received	588	532
Commitments received by Insurance business line	**7,750**	**7,497**

Note 25 Interest income, interest expense and equivalent

	2010		2009	
	Income	Expense	Income	Expense
Credit institutions and central banks	2,961	- 2,287	4,174	- 3,475
Customers	9,463	- 3,845	9,288	- 3,697
– including finance leases and operating leases	*2,603*	*- 2,284*	*2,296*	*- 1,972*
Hedging derivatives	2,511	- 3,094	1,844	- 2,321
Available-for-sale financial assets	643		731	
Held-to-maturity financial assets	170		252	
Debt securities		- 1,584		- 2,050
Subordinated debt		- 106		- 244
Total	**15,748**	**- 10,915**	**16,289**	**- 11,787**

Note 26 Fees and commissions

	2010		2009	
	Income	Expense	Income	Expense
Credit institutions	15	- 4	5	- 6
Customers	876	- 7	838	- 14
Securities *– of which funds managed for third parties*	744 *509*	- 79	713 *491*	- 109
Derivatives	5	- 20	6	- 9
Foreign exchange	19	- 4	16	- 4
Financing and guarantee commitments	28	- 10	29	- 17
Services provided	1,411	- 719	1,359	- 690
Total	**3,098**	**- 843**	**2,965**	**- 850**

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

	2010	2009
Trading derivatives	- 149	584
Instruments accounted for under the fair value option	115	- 140
Ineffective portion of hedging instruments	56	- 59
– Cash flow hedges	2	- 1
– Fair value hedges	54	- 58
Change in fair value of hedged items	*30*	*608*
Change in fair value of hedging items	*24*	*- 666*
Foreign exchange gains (losses)	55	63
Total movements in fair value	**77**	**448**

Note 28 Net gains (losses) on available-for-sale financial assets

	2010			
	Dividends	Realized gains (losses)	Impairment	Total
Government securities, bonds and other fixed-income securities		91	0	91
Equities and other variable-income securities	7	12	- 19	0
Long-term investments	48	9	- 27	29
Other	0	2	0	2
Total	**55**	**114**	**- 46**	**123**

	2009			
	Dividends	Realized gains (losses)	Impairment	Total
Government securities, bonds and other fixed-income securities		- 72	0	- 72
Equities and other variable-income securities	11	8	- 5	14
Long-term investments	56	- 1	- 39	16
Other	0	5	0	5
Total	**67**	**- 59**	**- 44**	**- 37**

Note 29 Income and expense from other activities

	2010	2009
Other income		
Insurance contracts	10,413	9,516
– *Earned premiums*	*8,670*	*7,613*
– *Net investment income*	*1,691*	*1,864*
– *Technical and non-technical income*	*53*	*39*
Investment property	1	1
– *Gains on disposal*	*1*	*1*
Other income	834	222
Sub-total	**11,248**	**9,740**
Other expense		
Insurance contracts	- 9,262	- 8,600
– *Paid benefits and claims*	*- 4,739*	*- 4,412*
– *Movements in provisions*	*- 4,546*	*- 4,182*
– *Technical and non-technical* expense	*22*	*- 6*
Investment property	- 19	- 17
– *Net movements in depreciation and provisions (based on the accounting method selected)*	*- 18*	*- 17*
– *Losses on disposal*	*- 1*	*0*
Other expenses	- 774	- 243
Sub-total	**- 10,056**	**- 8,860**
Other income and expens net	**1,192**	**880**

Note 30 Operating expenses

	2010	2009
Payroll costs	- 2,596	-2,291
Other expenses	- 2,315	- 2,156
Total	**- 4,911**	**- 4,447**

Note 30a Payroll costs

	2010	2009
Salaries and wages	- 1,656	- 1,492
Social security charges	- 647	- 521
Employee benefits	- 8	- 10
Incentive bonuses and profit-sharing	- 141	- 146
Payroll-related taxes	- 139	- 119
Other expenses	- 5	- 3
Total	**- 2,596**	**- 2,291**

◆ Average number of employees

	2010	2009
Banking staff	24,489	23,809
Management	13,218	12,762
Total	**37,707**	**36,571**
Analysis by country		
France	27,733	27,408
Rest of the world	9,974	9,163
Total	**37,707**	**36,571**

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

	2010	2009
Consolidated average number of employees (FTE)	37,707	36,571
Number of employees at end of period *	42,474	40,618

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at December 31. In contrast, the consolidated average number of employees (full-time equivalent or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

Note 30b Other operating expenses

	2010	2009
Taxes and duties	- 166	- 213
External services	- 1,862	- 1,717
Other miscellaneous expenses (transportation, travel, etc.)	10	11
Total	**- 2,017**	**- 1,920**

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

	2010	2009
Depreciation and amortization	- 296	- 236
– Property and equipment	*- 197*	*- 177*
– Intangible assets	*- 99*	*- 59*
Impairment provisions	- 1	- 1
– Property and equipment	*- 1*	*0*
– Intangible assets	*- 1*	*-1*
Total	**- 298**	**- 237**

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

◆ December 31, 2010

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 131	321	- 116	- 1	0	73
Customers	- 1,530	1,317	- 507	- 535	63	- 1,193
– Finance leases	*- 3*	*2*	*- 2*	*- 5*	*1*	*- 6*
– Other – Customers	*- 1,527*	*1,315*	*- 505*	*- 530*	*61*	*- 1,187*
Sub-total	**- 1,661**	**1,638**	**- 623**	**- 536**	**63**	**- 1,120**
Held-to-maturity investments	- 12	0	0	0	0	- 12
Available-for-sale investments	0	1	- 83	- 38	0	- 120
Other	- 70	144	- 37	0	1	37
Total	**- 1,742**	**1,783**	**- 743**	**- 574**	**63**	**- 1,214**

◆ **December 31, 2009**

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 220	8	0	0	0	- 212
Customers	- 1,819	831	- 407	- 361	106	- 1,649
– Finance leases	*- 1*	*4*	*- 1*	*- 4*	*0*	*- 3*
– Other customer items	*- 1,818*	*828*	*- 405*	*- 358*	*106*	*- 1,647*
Sub-total	**- 2,039**	**840**	**- 407**	**- 361**	**106**	**- 1,861**
Held-to-maturity financial assets	0	102	- 105	0	0	- 4
Available-for-sale financial assets	0	105	- 95	- 14	0	- 4
Other	- 89	64	0	0	2	- 22
Total	**- 2,129**	**1,110**	**- 607**	**- 375**	**108**	**- 1,892**

Note 32 Net gain (loss) on disposals of other assets

	2010	2009
Property, equipment and intangible assets	8	3
– Losses on disposals	- 9	- 6
– Gains on disposals	17	10
Gain (loss) on consolidated securities sold	0	0
Total	**8**	**3**

Note 33 Change in value of goodwill

	2010	2009
Impairment of goodwill	- 45	- 124
Negative goodwill recognized in income	0	0
Total	**- 45**	**- 124**

Note 34 Income tax

Breakdown of income tax expense

	2010	2009
Current taxes	- 737	- 498
Deferred taxes	114	13
Adjustments in respect of prior years	20	9
Total	**- 604**	**- 475**

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

	2010	2009
Taxable income	2,320	1,449
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	**- 799**	**- 499**
Impact of specific SCR and SICOMI tax regime	56	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 *	109	0
Income tax	**- 604**	**- 475**
Effective tax rate	**26.03%**	**32.79%**

* Of which €77 million relating to the new tax rate applicable to the capitalization reserve introduced by the French State Budget for 2011.

Note 35 Earnings per share

	2010	2009
Net income attributable to equity holders of the parent company	1,405	808
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,043,845	26,043,845
Weighted average number of shares	26,043,845	26,043,845
Basic earnings per share	53.93	31.02
Additional weighted average number of shares assuming full dilution	0	0
Diluted earnings per share	53.93	31.02

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

The fair values presented are an estimate based on observable inputs at December 31, 2010. They are determined using discounted cash flows calculated based on a risk-free interest rate curve, to which is added, in the case of asset items, a credit spread computed at the CM5-CIC Group level and reviewed each year.

The financial instruments included here are those associated with lending and borrowing. They do not include non-monetary elements (equities), trade payables, other assets, other liabil ities and accruals. Non-financial instruments are not covered by this information.

The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e., the carrying amount Certain entities in the Group may also apply the assumption that the market value is the carrying amount, in the case of contracts with variable interest rate terms or contracts whose residual term is equal to or less than a year.

We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferrable or are not in practice traded before maturity. As such, no entries are made for related capital gains or losses.

However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2010.

	December 31, 2010		December 31, 2009	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	65,415	64,995	105,547	104,887
Loans and receivables due from customers	159,542	160,813	152,072	150,984
Held-to-maturity financial assets	8,926	9,189	7,672	7,743
Liabilities				
Amounts due to credit institutions	38,193	38,145	91,481	91,254
Amounts due to customers	116,325	114,662	105,649	102,875
Debt securities	94,646	94,320	86,969	86,089
Subordinated debt	8,619	9,176	7,819	7,933

Note 37 Related party transactions

◆ Statement of financial position items relating to related party transactions

	December 31, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Assets			
Loans, advances and securities			
– Loans and receivables due from credit institutions	*0*	*0*	*2,351*
– Loans and receivables due from customers	*0*	*0*	*63*
– Securities	0	0	192
Other assets	0	0	0
Total	**0**	**0**	**2,607**
Liabilities			
Deposits			
– Due to credit institutions	*0*	*15*	*2,974*
– Due to customers	*0*	*0*	*58*
Debt securities	0	0	697
Other liabilities	0	0	304
Total	**0**	**15**	**4,033**
Financing commitments received	0	0	25
Guarantee commitments received	0	0	333

◆ Income statement items relating to related party transactions

	December 31, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Interest received	11	0	116
Interest paid	0	0	- 63
Fee and commissions received	6	0	0
Fee and commissions paid	- 4	0	-15
Other income (expense)	- 4	0	- 153
General and administrative expense	- 265	0	0
Total	**- 255**	**0**	**- 116**

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.

December 31, 2009			
Parent companies – CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies – CM5 Group
43,130	*0*	*3,584*	*84,688*
0	*0*	*36*	*0*
95	0	419	27
0	0	0	0
43,225	**0**	**4,039**	**84,715**
12,966	*0*	*5,821*	*51,683*
0	*0*	*37*	*0*
4	0	831	0
1,250	0	266	1,250
14,220	**0**	**6,955**	**52,933**
0	0	0	0
265	0	54	245

December 31, 2009			
Parent companies – CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies – CM5 Group
2,192	8	155	2,964
- 1,175	0	- 103	- 1,720
32	6	0	21
- 243	- 4	- 17	- 243
8	- 46	- 198	14
- 26	- 236	0	- 20
787	**- 271**	**- 162**	**1,016**

Relationships with the Group's key management

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

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

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

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

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

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

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

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

Fixed and variable remuneration paid to BFCM's corporate officers and directors in 2010

Amounts in €	Source	Fixed portion	Variable portion
Etienne Pflimlin Chairman of the Board of Directors: BFCM	Crédit Mutuel	620,000	0
Michel Lucas Chief Executive Officer: BFCM President of the Executive Board: CIC	Crédit Mutuel	550,000 550,000	0

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

Note 38 Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2010 were approved by the Board of Directors at its meeting of February 24, 2011.

Note 39 Exposure to risks

The risk exposure information required by IFRS 7 is included in Section IV of the management report.

In-kind benefits	Employer contribution for supplementary benefits	Total 2010	Total 2009
3,650	6,491	630,141	756,099
5,298	5,481	560,779	563,017
	2,416	552,416	552,216

Note 40 Statutory auditors' fees

In € thousands	Ernst & Young			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*104*	*63*	*3%*	*2%*
– Fully consolidated subsidiaries	*2,706*	*2,955*	*88%*	*94%*
Other assignments and services directly related to the statutory audit				
– BFCM	*40*	*47*	*1%*	*1%*
– Fully consolidated subsidiaries	*117*	*6*	*4%*	*0%*
Sub-total	**2,967**	**3,071**	**97%**	**98%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*0*	*0*	*0%*	*0%*
– Other	*99*	*64*	*3%*	*2%*
Sub-total	**99**	**64**	**3%**	**2%**
Total	**3,066**	**3,135**	**100%**	**100%**

In € thousands	KPMG AUDIT			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*121*	*87*	*2%*	*2%*
– Fully consolidated subsidiaries	*2,888*	*2,545*	*55%*	*68%*
Other assignments and services directly related to the statutory audit				
– BFCM	*25*	*38*	*0%*	*1%*
– Fully consolidated subsidiaries	*235*	*19*	*4%*	*1%*
Sub-total	**3,269**	**2,689**	**63%**	**71%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*315*	*7*	*6%*	*0%*
– Other	*1,631*	*1,066*	*31%*	*28%*
Sub-total	**1,946**	**1,073**	**37%**	**29%**
Total	**5,215**	**3,762**	**100%**	**100%**

The total audit fees paid to statutory auditors which are not members of the network of one of the statutory auditors certifying the consolidated and individual financial statements of BFCM mentioned in the table above, amounted to €7,335 thousand for the 2010 financial year.

Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit
A unit of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

Statutory Auditor
Member of the Versailles regional
institute of accountants

ERNST & YOUNG and Others
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable
(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM
Year ended December 31, 2010

Statutory auditors' report
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December, 31, 2010 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Crédit Mutuel, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- In the context of continued high volatility in the financial markets, and the still uncertain environment, the Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1 and 12 to the consolidated financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.

• The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.

• The Group carried out impairment tests on goodwill which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the estimates which resulted, where relevant, in the recognition of provisions to cover said impairment losses.

• The Group records impairment losses and provisions to cover the credit and counterparty risks inherent to its business (Notes 1, 8, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the assessment of the risks of nonrecovery and their coverage by individual and collective impairment provisions.

• The company recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13 to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

• The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011
French original signed by
The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

Arnaud Bourdeille

ERNST & YOUNG and Others

Isabelle Santenac