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2009

Banque Fédérative du Crédit Mutuel

REFERENCE DOCUMENT

Assemblée générale du 12 mai 2010

Crédit Mutuel
LA banque à qui parler

This Reference Document also serves as the annual financial report.



*This Reference Document was registered with the Autorité des marchés financiers on April 29, 2010 pursuant to Article 212-13 of the general regulations of the Autorité des marchés financiers.
It may be used in support of financial transactions if supplemented by an operational note approved by the Autorité des marchés financiers..*

Copies of this document may be obtained free of charge on request from the Headquarters of Banque Fédérative du Crédit Mutuel. It may also be downloaded in electronic format from the website of the Autorité des marchés financiers (<http://www.amf-france.org>) or from the website of Banque Fédérative du Crédit Mutuel, its Issuer (<http://www.bfcm.creditmutuel.fr>).

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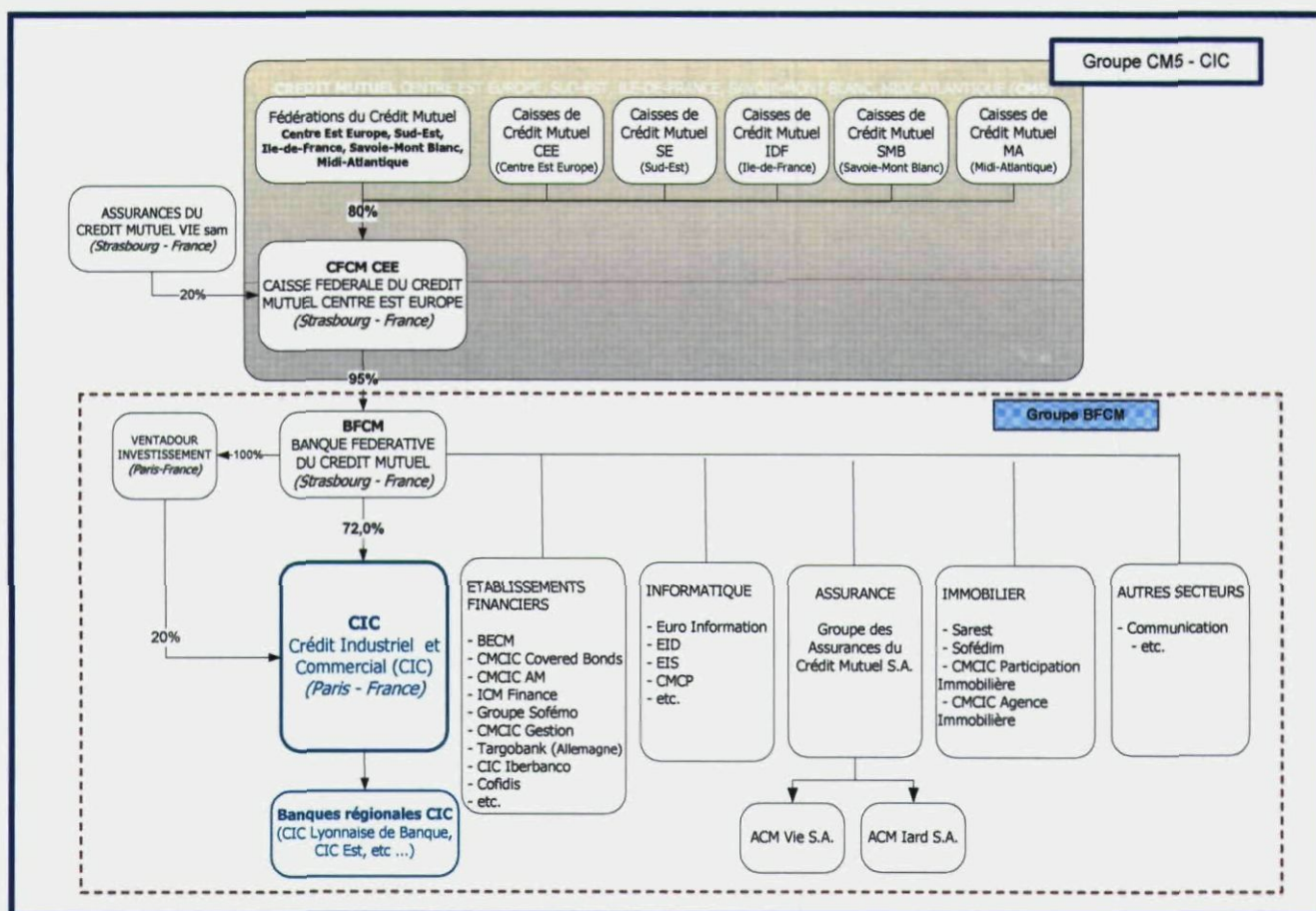
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Chapter I PRESENTATION OF BFCM GROUP

1.1 Presentation of company and Group

□ CM5-CIC Group

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



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

The federations making up the Fédérations du Crédit Mutuel du Sud-Est et Centre Est Europe (both of which are associations, membership of which is mandatory for the local Caisses) are the political organs that determine the strategic orientations of the Group and organize solidarity between the Caisses.

The Caisses de Crédit Mutuel, the ACM Vie mutual companies and the Fédérations are joint owners of the Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE) which, as a *société anonyme* (joint stock company), has the status of a cooperative banking company and the overall responsibility for the delivery and coordination of the

services common to the network. The Caisse Fédérale centralizes all the funds held on deposit by the Caisses while at the same time refinancing them and allocating funds on their behalf as required by regulations (mandatory reserves, assigned deposits, etc.).

CFCMCEE in 2002 also became the interfederal joint Caisse alongside Crédit Mutuel Ile-de-France, under a partnership agreement which governed the pooling of the financial and logistical resources of the network of the local Caisses in Ile-de-France. The collective agreement governing the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est and Crédit Mutuel Ile-de-France) was agreed by the Comité des établissements de crédit et des entreprises d'investissement (CECEI), effective January 1, 2002.

The CFCMCEE also in 2006 became the common interfederal Caisse in partnership with the Crédit Mutuel Savoie-Mont Blanc, under an agreement which led to the pooling of the logistical and financial resources of the network of the local Savoie-Mont Blanc Caisses. The collective agreement governing operations of the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France and Crédit Mutuel Savoie-Mont Blanc) was granted approved status by the Comité des établissements de crédit et des entreprises d'investissement (CECEI), effective January 1, 2006.

CFCMCEE in 2009 also became the joint interfederal Caisse alongside Crédit Mutuel Midi-Atlantique. This partnership agreement resulted in the pooling of the logistical and financial resources of the network of the local Caisses of the Midi-Atlantique region. The collective agreement governing the operations of the new entity (Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc and Crédit Mutuel Midi-Atlantique) was agreed by the Comité des établissements de crédit et des entreprises d'investissement (CECEI), effective January 1, 2009.

The network is now comprised of 804 Caisses and 1412 points of sale, 4.4 million share-owning members and customers in 41 departments of mainland France, whose combined population is 27.2 million.

□ BFCM Group

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

The major subsidiaries and shareholdings of the Holding company are presented on Page 145
(Note 3- Composition of scope of consolidation).

The activities and highlights the main subsidiaries are presented on page 15.

'Information on the activity and results of subsidiaries and controlled companies (article L233-6 of the Code de Commerce)'.

The information on BFCM required under law (name, legal form....) is shown on page 17453.

1.2 Allocation of BFCM capital on December 31, 2009

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

□ Allocation of capital by category of shareholders on December 31, 2009

Shareholder	Number of shares held	% held (3)
CFCM CEE	24 625 932	94,56
Local Caisses of the Crédit Mutuel (2) members of FCM CEE , of FCM SE, of FCM IdF , of FCM SMB, of FCM MA	129 062	0,50
Fédération du Crédit Mutuel CEE	51	0,00
CRCM ILE DE FRANCE PARIS	146 621	0,56
CRCM SAVOIE MONT BLANC - ANNECY	10	0,00
CFCM LOIRE ATLANTIQUE ET CENTRE OUEST	495 479	1,90
CFCM MAINE ANJOU ET BASSE NORMANDIE - LAVAL	222 965	0,86
CFCM CENTRE- ORLEANS	173 418	0,67
CFCM DE NORMANDIE - CAEN	99 096	0,38
CFCM ANJOU - ANGERS	123 870	0,48
CFCM MIDI ATLANTIQUE	24 774	0,10
CFCM ANTILLES-GUYANE - FORT DE FRANCE	2 477	0,01
CAISSE INTERFEDERALE DU CM SUD EUROPE MEDITERRANEE	1	0,00
CFCM NORD EUROPE	1	0,00
CFCM OCEAN-LA ROCHE SUR YON	1	0,00
Individual Directors	87	0,00
TOTA	26 043 845	100,00%

(1) The Caisse Fédérale de la Fédération du Crédit Mutuel Centre Est Europe is a cooperative company in the form of a *société anonyme* (joint stock company), affiliated to the Confédération Nationale du Crédit Mutuel, more than 99% owned by ACM Vie Mutuelle and by the Caisses de Crédit Mutuel des Fédérations de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France , Savoie Mont-Blanc and Midi-Atlantique.

(2) The financially-independent variable-capital Crédit Mutuel cooperative Caisses are owned by its individual share-owning members.

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

Changes occurring in the allocation of capital in the course of the last three years

Changes occurring in the course of 2009 were as follows:

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

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

CRCM ILE DE France disposed of 260 shares in BFCM to the Caisses of the FCM IDF (10 shares to each Caisse).

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

In 2008:

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

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

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

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

CRCM ILE DE FRANCE disposed of shares in BFCM to the Caisses of FCM IDF (10 shares to each Caisse). On December 31, 2007, CRCM IDF owned 147,201 shares (0.57 %) and on December 31, 2008 owned 146,881 shares (0.56 %).

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

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

❑ **Knowledge of such agreement entered into by BFCM as might entail a change in control**

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

❑ **Link of dependency of Issuer on other entities in the Group**

The dependency of BFCM on other entities in the CM5-CIC Group is limited to the share ownership and attached rights presented hereabove in point 1.1 Presentation of company and Group.

Chapter VI page 173 furthermore clearly states that there are no major contracts between BFCM and the subsidiaries.

1.3 History and development of company

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

BFCM carries the Group subsidiaries and coordinates their activities.

The business of these subsidiaries covers the fields of finance, insurance, ATMs and means of payment, and information technology.

BFCM performs the central refinancing function for the CM5-CIC Group.

BFCM has responsibility for managing the financial relations with major companies and local authorities by intervening in the processing of cash flows, lending and borrowing activities and financial engineering operations.

Its equity is 94.56 % owned by Caisse Fédérale du Crédit Mutuel Centre Est Europe

Origins of Crédit Mutuel

877: Raiffeisen sets up the Federation of Caisses de la Rhénanie, whose mission is to control, advise and represent the Caisses.

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

1885: Set up of the Federations of Basse Alsace and of Haute Alsace.

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

897: Set up of the Federation of Lorraine.

1905: Merger of the above 3 Federations into the Fédération Alsace-Lorraine.

1919: Foundation of Banque Fédérative du Crédit Mutuel.

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

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

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

1962: Set up of Centre Mécanographique du Crédit Mutuel, the ancestor of the GTOCM (*Groupeement Technique des Organismes du Crédit Mutuel*).

1970: Opening of Wacken facility

1971: Set up of Assurances du Crédit Mutuel.

Opening of Bischenberg training center.

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

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

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

1998: BFCM acquires 67 % of the equity of CIC for a consideration of €2 billion.

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

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

2002-2003: Partnerships with Banca Popolare di Milano through CIC (banking and insurance, means of payment, shareholdings, etc...)

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

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

Euro Information, in partnership with the Bank of Tunisia in which CIC owns a 20 %, sets up two subsidiaries in Tunisia, specializing in information systems development (IID) and outgoing call management (Direct Phone Services).

CIC acquires a 10% shareholding in Banque marocaine du commerce extérieur (BMCE), leading to cooperation in the distribution of financial products, the delivery of banking and insurance services, real estate, consumer credit and leasing contracts.

2006: Fédération Savoie Mont-Blanc joins the common interfederal Caisse making the number of Fédérations within it up to four.

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

In April 2007, BFCM acquired a 100% interest in Groupe Républicain Lorrain, by buying up the shares held in various companies of the Group for an outlay of €73 million.

On June 15, 2007 BFCM announced the setup of its subsidiary CM-CIC Covered Bonds, which launched an EMTN (« Euro Medium Term Notes ») program worth €15 billion.

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

BFCM, on June 5, 2007, acquired 100% of the equity of the French subsidiary of Groupe Banco Popular Español.

On June 27, 2008, BFCM acquired a majority interest in Est Républicain through the company France Est.

On November 18, 2008, BFCM signed an agreement with a view to acquiring a controlling interest in Cofidis Participations.

On December 5, 2008, BFCM acquired a 100% interest in the Citibank Deutschland..

2009: The Fédération Midi-Atlantique joined the Caisse interfédérale, raising the number of Federations pooling their resources within it to 5..

The BFCM Group and 3 Suisses International (3SI) announced on March 23, 2009 that they had finalized the acquisition of a controlling interest in Cofidis Participations.

This transaction was dependent on the acquisition of a 51% shareholding in Cofidis Participations by a holding company jointly owned by BFCM and 3SI in which BFCM owned 67% of the equity. Remember that under the agreements, BFCM has the possibility of raising its interest to 67% of the equity and voting rights in Cofidis Participations, between now and 2016, at the initiative of one or other of the parties.

1.4 Competitive position*

1.4.1 New products and/or new activity

Not applicable

1.4.2 Main markets

BFCM is a subsidiary of the CM5-CIC Group controlled by the 5 Federations of the Crédit Mutuel in the Centre Est Europe, Sud-Est, Ile de France, Savoie-Mont Blanc and Midi-Atlantique regions. The overall analysis of the competitive and strategic positioning is performed at national level by Crédit Mutuel-CIC .

* Data not audited by the Statutory Auditors

The main business of BFCM is retail banking in France, which generates most of its Net Banking Income. Different indicators measure Crédit Mutuel's market share in this segment as compared to its competitors (data excluding Banque Postale)

Number 1 provider of combined banking and insurance ("bancassurance") services in property and casualty insurance

Number 1 bank for associations and Comités d'entreprise (works councils)

Number 2 market share in means of payment and ATMs

Number 2 bank in agriculture

Number 3 home loan lender

Number 3 bank for small and medium sized companies

Number 4 bank providing life insurance

Third largest banking network in consumer credit

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

INSURANCE is the Group's second business line. Assurances du Crédit Mutuel was founded in the 1970s and offers a comprehensive range of providence insurance services to member shareholders and customers. Crédit Mutuel is also the leading bank provider of property and casualty insurance and the fourth largest in life assurance (source: *Palmarès 2006 des bancassureurs* published in December 2007 by Argus de l'Assurance).

Eight contracts were awarded the excellence label by the magazine *Les Dossiers de l'Epargne* in early 2009, which in its guide to providence insurance awarded the highest distinctions to the Sécurité, Plans Prévoyance and XL Prévoyance schemes.

For the second year running, the excellence label was awarded to the Vehicle Insurance, Home Insurance and Health Insurance contracts.

In life assurance, Plan Assur Horizons was awarded the excellence label for the third consecutive year, while it also received a bronze star from the *La Vie Financière* magazine and a silver trophy from the magazine *Le Revenu*. The magazine also praised the quality of the information contained in the contract's annual statements, for which it awarded a special prize for transparency.

Plan Patrimoine was also awarded the excellence label in 2009, in the life assurance multi-compartment segment.

(These rankings are taken from the GACM 2008 activity report).

In Europe, the Group operates in the United Kingdom, Belgium, Luxembourg, Germany, Switzerland, Italy, Spain, in banking or insurance, or in both. Beyond the borders of the European economic space, the Group operates subsidiaries in London, New-York, Singapore, Hong-Kong, Canada, Morocco, and Tunisia, with a further 37 representative offices in other countries.

FINANCIAL SOLIDITY:

Crédit Mutuel is 4th ranked in France and 13th in the ranking by Tier One capital of the TOP 300 European banks by *The Banker* (October 2009). It was also ranked 26th worldwide by Tier One capital (2009 article in *The Banker*).

Tier one capital is the core capital of financial institutions and an indicator widely used by regulators and credit rating agencies to measure capital adequacy.

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

BANK SOLVENCY RATIO:

By tier one ratio, the CM-CIC Group is top ranked of the six largest French banking groups, and twelfth of the thirty-four largest European banking groups (source IFC, internal bank sources).

BFCM and CIC are among the top 50 most reliable banks in the world (45th and 50th respectively) according to the 2009 *Global Finance Magazine* rankings.

MUTUAL FUND MANAGEMENT:

Award-winning CM-CIC AM.

The number and regularity of the awards bestowed on CM-CIC AM testify to the high regard in which it is held by the specialist press.



Les trophées du Revenu 2009

Gold Trophy: Best range of euro-denominated bonds over 3 years

Silver Trophy: Overall performance over 3 years

Silver Trophy: Best range of diversified funds over 3 years

Les trophées du Revenu 2008

Gold: Best Overall Performance over 3 years

Gold: Best range of sector funds over 3 years

Gold: Best range of euro-denominated bonds over 3 years

Silver: Best euro-denominated bond fund over 10 years with **Union Obli Moyen Terme**

Trophies 2007

Gold: Overall Performance over 3 years

Gold: Diversified OPCVM range over 3 years

Gold: Euro Bond range over 3 years

Gold: Diversified OPCVM Range over 3 years

Silver: Overall Performance over 10 years

Bronze: Sector-based Equities range over 3 years

Trophies 2005

Gold: Diversified Range

Gold: Sector-based Equities range

Silver: Overall Performance

Silver: euro-denominated Equities range

Silver: euro-denominated Bond range

Bronze: International Equities range

Trophies 2006

Gold: Overall performance over 3 years

Gold: euro-denominated Bond range over 3 years

Bronze: euro-denominated equities range over 3 years

Trophies 2004

Gold: Diversified range

Gold: Sector-based Equities range

Gold: euro-denominated Bond range

Silver: Overall Performance

Bronze: euro-denominated Equities range



“Getting the Best for your Money” Basket
Range performance over 1 year

2nd in 2008
2nd Employee Savings 2007
2nd in 2006
Gold in 2004
Gold in 2001
Gold in 2000



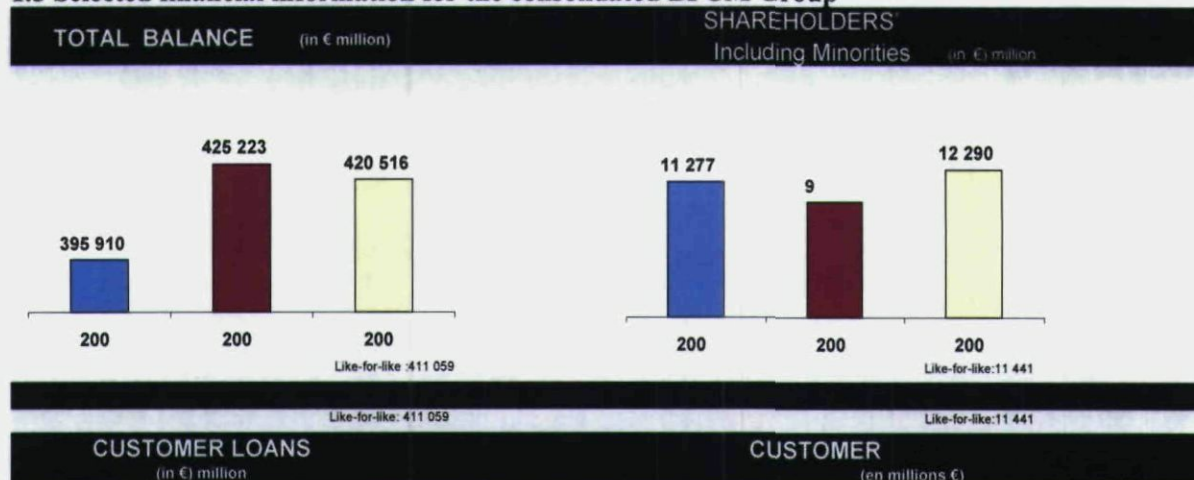
Les Lauriers Award from *Investir* financial newspaper
SICAV or FCP performance over 5 ans

Gold in 2005 (FCP)
Gold in 2004 (FCP)
Gold in 2003 (FCP)
Bronze in 2002 (FCP et SICAV)
Gold in 2001 (SICAV)
Silver in 2000 (FCP)

1.4.3 Basis of the declarations made by the Issuer in regard to its standing in the competitive marketplace

The sources of the information provided about the Group’s comparative rankings (in particular those above-mentioned), are explicitly stated. If not, the information given is based on internal sources.

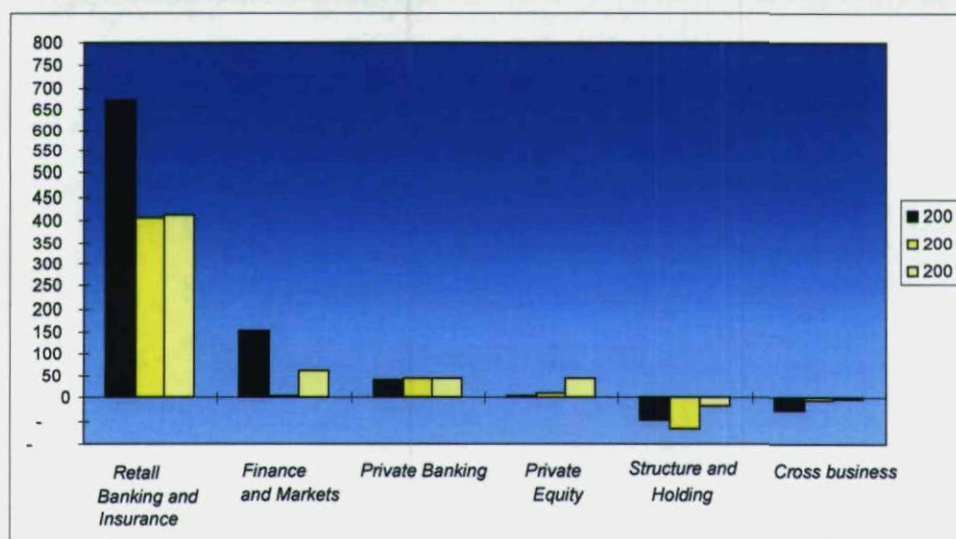
1.5 Selected financial information for the consolidated BFCM Group



RESULTS (in € million)	200	200	200
Net Banking Income	7 908	3 901	5 388
Operating profit	1 569	-270	2 176
Total net profit	1 029	138	1 704
Attributable net profit	808	29	1 464
Operating ration	56	81	57

CREDIT RATINGS	Moody'	S &	Fitch Ratings
Short	P-1	A-1	F1+
Long term	Aa3	A+	AA-
Prospective	Stable	stable	stable

Breakdown of Net Banking Income by business line (in € million)



Highlights of CM5-CIC Group for financial year ending December 31, 2009

GROUPE CM5 - CIC ¹

Consolidated results full year 2009

(in € million)

	2009	2008
Business Operations		
Total balance	434 298	440 559
Lending to customers including lease finance ²	225 166	214 931
Capital under management and in custody ²	403 751	358 873
- of which customer deposits ²	146 207	127 564
- of which insurance savings	56 662	52 432
Shareholders' equity		
Book shareholders' equity and subordinated securities (including profit at year-end prior to payout to shareholders)	23 468	20 145
Numbers employed (on December 31, 2009)	50 831	45 729
Number of points of sale	3 939	3 787
Number of customers	15 536 100	11 626 800
Profit and Loss Statement		
Net banking income ³	10 226	5 795
General expenses	-6 052	-4
Gross operating profit	4 174	1 409
Cost of risk	-1 987	-1
Operating profit	2 187	344
Net gains/losses on other activities, companies consolidated by Equity Method	-83	37
Profit before	2 103	381
Corporation	-668	127
Net Book	1 435	509

1. Consolidated numbers from the Caisses of Crédit Mutuel Centre Est Europe (Strasbourg), Sud-Est (Lyon), Ile-de-France, Savoie- Mont Blanc (Annecy) and Midi-Atlantique (Toulouse), and from the common federal Caisse, From the Banque Fédérative du Crédit Mutuel and from its main subsidiaries: ACM, BECM, information systems, etc... including ICIC, Targobank, Cofidis and CIC Iberbanco.

2. including receivables and attached liabilities; ISFEF issuances are not taken into consideration in customer deposits

3. Excluding the effects of reciprocal transactions between banking and insurance in regard to employee Providence Insurance Schemes and investments in insurance and banking.

Chapter II

BFCM AND GROUP BUSINESS LINES

2.1 BFCM Activities

BFCM has several main business lines:

- *central refinancing function for the CM5-CIC Group*
- *depository function for the mutual funds of the CM5-CIC Group*
- *financial relations as a provider of cash flow management services, funding and financial engineering for the Major Corporates and local authorities*
- *carrier of the subsidiaries of the CM5-CIC Group and coordinator of their activities.*

a. Market activity

The gradual reopening of the debt market occurred in 2009, enabling the best banking institutions to issue new debt once again over their own signature. However, in order to consolidate this recovery, BCE and SFEF supported the banks by providing for their refinancing needs for a good part of the year.

The CM5-CIC Group took advantage of the context to complete and further secure its arrangements for access to the markets:

- Focus on the international placement of short-term securities (London cd's and Euro Commercial Papers), contributing to diversifying the sources of funds and reducing the volume of funding from certificates of deposit relative to other money market sources of funds. Funds sourced from certificates of deposit fell from 48% of the whole on December 31, 2008 to 33% at year-end 2009;
- Increase in fungible liquid assets carrying eligibility to BCE borrowing rights and hence better terms available to the Group for its short-term refinancing in the event of a squeeze on liquidity;
- Longer maturities were a feature of the funds collected, mainly due to reliance on SFEF, where BFCM played a central role acting on behalf of the wider CM-CIC Group, new sources of funds also including:
 - Two public bond issuances over the BFCM signature on 18 months to 2 year maturities raising a total of €2.75 billion, placed with around a hundred investors most of whom 66%) were foreign, confirming the trust placed in the Group by the markets
 - Two 4 and 8 year maturity bond issuances placed with customers of the Group's retail network raising a total of €1.4 billion.

The ceiling of the CM-CIC Covered Bonds program was also raised to €30 billion so as to complete the 2010 issuances and at the appropriate time take advantage of the bill on Sociétés de Financement de l'Habitat (SFH – Home Loan Financing Companies), which is due soon to be passed into law..

The CM5-CIC Group has been keeping a close watch on the new concepts currently being developed in the field of liquidity management by the European supervisory authorities, particularly the French regulations, which could come into force as of June 30, 2010. The new procedure has amended and developed the provision for one-month regulatory coefficients, as required by government decision of 1988, making this the standard approach. Optionally, regulatory approvals can be granted ahead of events, supported by prior approval of the internal methodologies of the applicant institution.

The cooperation between the CM5-CIC Group and European Investment Bank (EIB) continued in 2009 as funds to finance new lending to SME's were first drawn on.

To complete the arrangements for supplying CM5-CIC Group liquidity, October 15, 2009 introduced **FCT CM-CIC Home Loans** to raise €10 billion.

The bonds intended for placement with market investors issued by FCT CM-CIC Home Loans are a further addition to the pool of BCE eligible collateral.

Thus the three tranches of €1 billion each were issued on 3, 5 and 7 year maturities and registered in BFCM's 3G pool. Home loans made by Crédit Mutuel Caisses and the CIC branches in the CM5-CIC Group guarantee the AAA bonds issued by FCT. These home loans are secured by second rank mortgages and other guarantees, which do not give rise to eligibility to CM-CIC Covered Bonds. The latter is the BFCM specialist subsidiary set up in 2007 to optimize the Group's capacity to raise refinancing in the market by issuing secured securities.

b. Depositary for mutual funds

Acting as a depositary for Undertaking for Collective Investments (UCIs including FCPs, SICAVs, FCPEs, FCPRs). This involves the following regulatory commitments:

- Holding securities (mainly equities) in custody, keeping cash accounts and holding positions on other securities (financial futures instruments and other pure financial instruments registered in the holder's name). This activity is handled by specialist structures within the CM5-CIC Group;
- Auditing the regulatory compliance of the UCI management decisions
- Management of UCI (mutual fund) liabilities if delegated to the depositary by the fund management company, including the processing of orders from customers to subscribe to and redeem units. This activity is dealt with by specialist structures in the CM5-CIC Group.

The main features of the depositary activity of Banque Fédérative du Crédit Mutuel in 2009 were:

- Sharp rise in the assets under management in UCITs (otherwise known as OPCVMs) notably in money market mutual funds, as a result of substantial inflows. Note that new conditions of eligibility come into force on July 1, 2010 to reinforce the liquidity of these money market UCITs/OPCVMs;
- Recovery by the financial markets, driving up the value of the assets under management;
- Start of CM-CIC Dépositaires operations for the purpose of optimization of the resources of the depositaries in the CM5-CIC Group;
- Roll-out of a number of electronic information system projects to improve the oversight and management of risk;
- Continuing high level of alert in regard to the risk of default by financial intermediaries having a direct impact on depositaries working in the securities custody field, notably prime brokerage operations or when local custodians hold foreign securities. Our UCIT/OPCVMs were not affected by such alerts;
- Awareness by the authorities of the depositary risk, although it should not be forgotten in the current context, that French depositaries remain wholly bound by the obligation to immediately restore assets. Here, harmonization at the international level of depositary responsibilities is more than desirable.

At the end of December 2009, Banque Fédérative du Crédit Mutuel was the depositary of 719 UCIs (mutual funds), total assets under management being €71.4 billion (+ 27.3 % in 2009).

The overwhelming majority of these OPC (mutual funds) under the management of Banque Fédérative du Crédit Mutuel is handled by CM5-CIC Group fund management companies, namely CM-CIC Asset Management for general UCI mutual funds and the investments made on behalf of employee share ownership schemes, and by CM-CIC Capital Privé, CIC LBO Partners and CIC Mezzanine for the FCPR mutual funds. The Banque Fédérative du Crédit Mutuel also acts as the depositary for around twenty fund management companies outside the CM-CIC Group.

c. Major strategic accounts and structured products

The financial crisis moved into a phase of greater severity with the failure of Lehman Brothers in September 2008 and continued into 2009 taking the form of an economic recession. As a result; a 'wait and see' attitudes became prevalent throughout the economy, and the major corporates reined in their investments.

Borrowing terms in the first half of 2009 were an incentive for the corporate sector to rely mainly on the bond market and to a lesser degree on club deals or bilateral lines.

New lending therefore slowed considerably.

However, CM-CIC responded to requests for renewals of existing credit lines or new lending to its strategic customers.

The syndicated operations market closed down as transactions dwindled to very low levels. Note also the 25% drop in the use of their available drawing rights by the major business corporations, which was the sign of their determination to flatten or even reduce their debt ratios.

On the other hand, asset-backed finance both in equipment and real estate leasing rose considerably, demonstrating the bank's willingness to support our customers.

Also noteworthy is the irregularity of the trends in regard to financing operations in 2009:

- In first half 2009 margins remained relatively high and maturities did not exceed three years.
- In second half of 2009, as the risk of systemic banking failure receded, measures of substantive support by central governments to many troubled sectors restored some confidence. Hence, margins eased and covenant durations became longer, but without returning to pre-crisis levels.

The Grand Comptes division handling the Group's strategic customers continued, as in the credit field, to play a very active role. CM CIC is currently one of the unchallenged market leaders in cash management in France. The setup of the Single European Payments Area (SEPA) and the gradual replacement of Etebac 5 are factors driving the development of the relationships with our customers at the European level.

Because it enjoyed a position of strength, CM CIC was frequently awarded the cash management contracts it bid for under invitations to tender issued by our customers in 2009.

Another characteristic of the year was very strong growth in customer placements, both in the form of euro and foreign currency deposits, CDs and UCIT/OPCVMs. Note finally the accelerating contribution from Grand Comptes, the strategic accounts division, to the development of specialist business lines.

d. Holdings in subsidiaries

The total portfolio of subsidiaries and other holdings including equity loans was €6,977.2 million on December 31, 2009 as against €5,936.5 million on December 31, 2008.

Among the major movements in the portfolio, note:

- Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace": underwriting the capital increase raising €9,629,260 in order to inject new capital and raise the Group's stake from 23% to 95.6 %;
- Ebra: acquisition for €18,696 of 1,938 shares raising the percentage of equity owned from 49% to 100%. This holding company controls the press business made up of 4 newspapers in the Bourgogne and Rhône-Alpes regions;
- GIE Ventadour Bail III Bis was wound up, the Group owning 99.9 % of capital worth €913,779;
- Devest 6 underwent a wholesale reorganization of its share ownership, as a partnership was dissolved and BFCM acquired 100 % of the equity for €1,132,822;
- Banque Marocaine du Commerce Extérieur: acquisition of 7,778,762 shares for an outlay of MAD 2,255,840,980, equivalent to €204,537,218; percentage interest rising from 15.5% to 19.9 %;

- SAEML Mirabelle TV: underwriting 800 shares for an outlay of €80,000, or 16 % of the equity on company start-up;
- Carmen Holding Investissement: subscription to capital increase in the amount of €656, 488.740; the interest owned in the vehicle controlling the capital of the Cofidis Group dropping from 100% to 67 %.

2.2 Information on the business and results of subsidiaries and controlled companies

(Article L 233-6 of Code de Commerce)

Under the above regulation, the report submitted to the General Meetings must render account of the results of the subsidiaries and companies controlled by BFCM, by business line.

The subsidiaries presented below are in the scope of consolidation of the BFCM Group, except if otherwise mentioned.

Detailed information on the percentages of share ownership is shown in the table of subsidiaries and shareholdings page 53 and in note 3 page **Erreur ! Signet non défini.** "Composition of the Scope of Consolidation."

The other subsidiaries labeled not consolidated (NC) below either perform operations on behalf of the Group which are not significantly profitable, or if not, are mere shareholdings

Financial and associated sector

***Groupe Crédit Industriel et Commercial SA:** the economic crisis which arose in 2007 underwent a step change and developed into a full scale financial crisis in 2008. The mains features of financial 2009 were falls in investment and in the demand for funding, as the financial markets returned to normal and the credit risk rose. Now the CIC, leveraging its close relationship with its customers and the trust placed in it, sought to provide them with the most suitable response and the appropriate level of support. Against this backdrop, net book income 2009 was €838 million.

Commercial results

The total loan book was €121 billion, deposits rising 9% to €77 billion and assets under management and in custody rising 11% to €205 billion.

Retail banking in France is the CIC's core business. The bank continued to improve the quality and scope of its network, by 42 new points of sale to 2,164 branches. A high degree of staff mobilization ensured the best possible service to individuals, professionals, companies and associations. CIC is the provider of banking services for one company in three.

Business development enabled the bank to:

- Increase the number of customers by 135,912 (of which 21,922 professionals and 5,084 companies) to a total of 4,283, 739, a rise of 3.3%;
- Increase the loan book by 3% (of which +4.5% home loans , +6.3% investment credits);
- Increase deposits by 12% and savings under management by 18%;
- Boost the business of property and casualty insurance (+8.6% contracts in the portfolio);
- Report rising service business (distance banking, telephone services, remote surveillance ...).

The finance bank loan book amounted to €15.8 billion, and in the private banking entity to €4.7 billion.

Financial results

The net book income of the CIC Group stood at €838 million on December 31, 2009 as against €206 million in 2008.

Total net banking income rose from €3,206 million in 2008 to €4,687 million on December 31, 2009.

The cost of risk stood at €861 million at December 31, 2009 as against €630 million in 2008.

Hence, the cost of risk as a ratio of the outstanding loans rose by 0.7%. The doubtful debt coverage ratio was 57% on December 31, 2009.

The European Tier One solvency ratio was 10.2% on December 31, 2009 as against 9% in 2008. Tier One prudential capital was €11 billion.

The CIC, a subsidiary of the BFCM, was rated A+ by Standard & Poor's, Aa3 by Moody's and AA- by Fitch.

The Board will propose to the shareholders at their General Meeting on May 20, 2010, a net dividend of €4.35 per share as against €1 for the previous financial year, payable in shares.

Retail banking

In 2009, CIC remained very focused on the expectations of its private, professional, corporate and voluntary association customers.

Lending by the retail banking network at €91 billion held up well, outstandings rising by 3% over 2008.

Deposits at €59 billion rose 12% thanks to the momentum of the special regime savings (EARS) and the Plans d'épargne populaire (PEP- Popular Savings Plans).

The savings held in funds and accounts under management at €58 billion grew by 18%.

In insurance, the portfolio of property and casualty contracts rose by 8.6% to 2,541,125.

Customer services continued to be a growth area:

- Distance banking + 9% to 1,330,878 contracts,
- Very Small Companies + 4.9% to 95,353 contracts,
- Telephone services + 62.4% to 134,102 contracts.

Retail banking net banking revenue rose 6% to €3,028 million as against €2,866 million in the previous financial year, and pre-tax income rose to €507 million from €547 million last year, being affected by the rise in credit risk.

General expenses increased by only 2% to €2,141 million.

The cost of risk was €470 million.

Finance and market banking

Pre-tax profit was €715 million on December 31, 2009 as against a loss of €551 million in 2008, net banking income rising to €1,336 million, as against the previous year's loss of €112 million.

Finance banking saw its profit rise 9% to €165 million and its net banking income by 39% to €391 million.

The loan book expanded to €15.8 billion as margins reverted to earlier levels.

The cost of risk rose from €63 million in 2008 to €155 million on December 31, 2009.

In market activities, which were heavily affected by the financial and banking crisis in 2008, and by the rise in credit spreads, 2009 saw a return of the financial markets to normal. Consequently, net pre-tax profit reversed the loss of -€704 million in 2008 and stood at €550 million on December 31, 2009, as net banking income went from -€394 million to €945 million.

In regard to the variable compensation of market operators, CIC complies strictly with the G20 rules. More than 50% of variable compensation is deferred and subject to bonus reductions in the event of failure to meet long term targets (bonus/malus). The ratio of total compensation to revenue was 11.8%.

The cost of risk in 2009 rose to €222 million from €162 million in 2008.

Private banking

Pre-tax profit rose from €47 million in 2008 to €94 million on December 31, 2009 and net banking income fell from €427 million to €397 million.

In spite of the recession, commercial performance was satisfactory.

Private equity

In an unfavorable economic environment, private equity pre-tax profit for the year-ending December 31, 2009 was €21 million, outstanding investments amounting to €1.5 billion of which more than €140 million made 2009.

The CIC is represented in nearly 500 French companies through an investment portfolio of €1.5 billion. More than 50% of these investments have been held for more than 5 years and more than 20% for more than 10 years.

Prospects

The CIC Group is pressing on with:

- the commercial development of its network,
- the enrichment of its range of products and services in all its markets,
- its goal to provide its customers with the best possible service,
- support to general economic activity by meeting its customer needs for funding and financial services

Banque Fédérative reinvested its dividends in shares (€26,242,008) and acquired 19,293 shares (€1,901,521).

***Banque de l'Economie du Commerce et de la Monétique SAS:** BECM is a subsidiary of the Group which as part of its retail banking activities is complementary to the network of the Caisses of the Crédit Mutuel and works with the CIC retail network to jointly develop 4 major markets:

- large and medium sized companies,
- financing real estate development, particularly in the private housing field,
- real estate companies set up to manage buy-for-rent housing assets, retail and/or office space, as part of an end-to-end approach including finance and cash flow management,
- asset management for the benefit of the partners and Senior Management of BECM customer companies, as an extension of its financial engineering activities.

This positioning has prompted BECM to operate two specialist service centers at Group level. The first serves property professionals, and the second provides corporate cash flow management services.

The business is performed throughout France through a network of 39 branches (27 enterprise branches, 8 real estate development branches, 1 land holdings branch, and 3 asset management branches). There is one branch in Germany and one other in Saint-Martin.

Given developments currently underway in the European system for means of payment and the international growth opportunities available to its large and medium sized corporate customers, the focus of BECM business is increasingly the European market and its wider scope.

BECM operates as a well-integrated component of the Group's retail network, so that the bank leverages the funds available from its finance and fund collection business to meet its customers' needs as all-inclusively as possible, acting as a provider of value-added financial and social engineering, as a processor of means of payment in both the domestic and international markets, as a hedger of interest rate and foreign exchange risk, and as an enabler of corporate cross-border expansion.

Relying on the functional, logistics and lending departments within the Group, BECM organizes its business in synergy with the CIC regional banks relying on common business reference frameworks, in markets that are shared or converging.

In spite of the tough economic and financial environment, BECM is continuing its policy of actively prospecting for new customers in order to ensure sustainable development of its underlying business.

The slowdown in the real estate markets and sluggish trading by the corporate sector are the reasons for the slowdown in new lending, which fell by -8% expressed in monthly average capital terms to €8.9 billion. On the other hand, credits authorized but not drawn on are still on the increase, rising to €4.6 billion. They account for 52% of active loan agreements. The fact that borrowing rights are rising faster than actual loan take-up, testifies to the bank's resolutely active support of the operating and investment needs of the corporate sector. Funds collected increased by 19 % to €6 billion, essentially through investor savings deposits, which are attracted to savings accounts by the low returns in the money markets. Inflows into deposit accounts have risen to 23% of monthly capital inflows.

The fact that capital levels held up well in the early part of the year, combined with active balance sheet management contributed to a 3.8 % increase in the interest margin, and to a 5.9% growth in net banking income to €197 million.

The cost of risk, although rising, was contained to 0.30 % of the total loan book.

After an allowance of €15 million for FRBG general banking working capital, net book profit was €58.5 million, a 6% increase.

***CM-CIC Covered Bonds SA:** From March 2009, in line with the credit market more generally, covered bonds found favor with investors. The ECB's announcement €60 billion had been earmarked for this asset class, combined with their guarantees and inherent security, meant that covered bonds overperformed their "unsecured" counterparts.

However, there were no new issuances of CM-CIC Covered Bonds in 2009, as most of the medium term refinancing needs of the CM5-CIC Group were covered by the sources of funds from the SFEF. At end December 2009, the total value of securities issued was €14.155 billion.

In November 2009, the CM-CIC Covered Bonds EMTN program ceiling was raised to €30 billion from €15 billion. CM-CIC Covered Bonds is now in a position to make new issuances, from early 2010 onward; in the light of the refinancing needs of the CM5-CIC Group and the situation in the financial markets.

Profit amounted to €0.4 million falling substantially as compared to 2008, given the fall in returns on invested capital.

In France, a new law on covered bonds setting up the Sociétés de Financement de l'Habitat (SFH – Housing Finance Companies) should be on the statute books in the first half of 2010.

CM-CIC Covered Bonds will at the appropriate moment adopt SFH status to provide its investors with the highest standards of quality and liquidity.

***Ventadour Investissement SA:** The main business of Ventadour Investissement is to acquire shareholdings in other companies. The gross value of investments made outside the Crédit Mutuel Group was €0.7 million, as in the previous financial year. The CIC line was also unchanged at €1,060 million as there were no transactions in 2009. In that year, the Banque Fédérative underwrote 6,000,000 shares to raise new capital of €90 million.

***Groupe Sofemo SA:** The company's business was mainly leasing and payments by installment, and the development of consumer credit.

Net loans to customers rose from €536 million to €756 million in 2009. Net book profit was €6.1 million. The company's capital before appropriation of profit to the new financial year was €26.3 million.

***Targobank:** a feature of the first year of consolidation of Citibank Deutschland in the Crédit Mutuel Group was major computer migrations (roll-out of the new EBS information system), and preparations for the re-branding which took place on February 19 and 20, 2010 with the launch of the "Targobank" communication campaign.

- Net banking income fell by 5.8% compared to the previous financial year, to €1,491.4 million. The bank was hit by the financial crisis on the asset management side of its business and by the drop in household spending and the increase in bad debt in its lending business. The loan book fell by 4.6% compared to financial 2008, to €506 million.
- On the other hand, bank deposits increased by 14.9% over a year to €10,422 million on December 31, 2009, the increase being mainly driven by the success of competitively positioned savings products, whose interest rates were attractive to investors.
The level of deposits was virtually perfectly balanced with lending on December 31, 2009 (lending/deposits ratio 99%).
- The cost of risk rose 32 % over 2008, but was kept under control due to the « Kurzarbeit » employment support arrangement which helped contain rising unemployment rates in the recession.
Higher spending on debt recovery and the preventative toughening of conditions for new lending also contributed to keeping the risk levels within bounds.

Although substantially down on the previous financial year, pre-tax income was €241.9 million. Net profit was satisfactory at €166.2 million given the particularly tough economic circumstances in Germany, where GDP fell by 4.9% in 2009.

➤ 2010 Forecasts

In spite of a return to economic growth expected in 2010 in Germany, Targobank should be harder hit by the economic crisis than it was in 2009. Slack household spending and rising unemployment could well impact revenues on the one hand, and on the other, be a further factor in the substantial worsening of the cost of risk.

Ambitious targets in the field of new lending and the further enforcement of the plan to reduce day-to-day banking costs, which was deployed in 2009, should offset the rise in the cost of risk and the rise in non-recurrent expenditure, as a result of the change in brand name and of the new information system.

***CM-CIC SCPI Gestion SA:** this company manages the SCPI civil property companies CM11 and OPI, which are owners of around fifty buildings. Both are owned by some 2,500 partners and CM-CIC customers. The general IT tool for business management is at CIC in Nantes. The company reported profit of close to €100,000.

***Banque de Luxembourg:** As the skill center in the international private banking field in the CM-CIC Group, Banque de Luxembourg was hard hit by the financial crisis, in terms of its business and profits

➤ Activity

Commercial development was hampered by the ongoing effects of the financial crisis. The first half was one of consolidation, the second half being more buoyant, although the rise in transaction volumes was not enough to offset the first half. The average loan book remained below the levels of the previous financial year, in spite of the 5.5% rise in deposits between year-end 2008 and year-end 2009. The outstanding loans heading in the balance sheet was down, as investors preferred to keep funds on deposit. Assets under management in UCITs (mutual funds) showed the same rising trend (+€6.1 % by the end of the accounting period).

➤ Results

The contribution to attributable net profit after tax and minority interests soared +228.6%, to €49.9 million, although not to pre-crisis levels.

The 12% fall in net banking income testifies to the impact of the recession on the business. Interest margin benefitted from the steeper interest rate curve and from the widening of spreads in the 1st half, although the situation reversed in the 2nd half of the year, and the expense payable to CIC of the guarantee of the securities portfolio increased by €16.2 million, causing a 23.4% fall the income of this part of the business. The rise in transaction volumes in the 2nd half did not offset the rise in management commissions on lower volumes of lending. Profit fell by a further 6% this year as compared to the previous year. Other components of net banking income significantly improved.

General expenses surged, mainly due to information system migration, staffing expenses (+13.9%) and depreciation, which rose from €13.5 million to €20.1 million.

As a result, gross operating profit fell by 38.1%.

The cost of risk was virtually nil at - €0.3 million, comparing well with 2008 when it was hit by provisions as Lehman Brothers positions were unwound.

***CIC Iberbanco (ex Banco Popular France):** operates in two different financial environments. Acquired as a subsidiary by BFCM in Spring 2008, it continued to merge its business with the parent company's during 2009, as it switched over to the Group's information system, and changed its legal and trading name in May 2009.

CIC Iberbanco, through its 16 branch "High Street" retail network (customer base of individuals and professionals), operates in Ile-de-France, in the Lyon region and in the south-west of France (Bordeaux, Midi-Pyrénées and Languedoc Roussillon). After completing the IT migration, the retail network was expanded by a further 4 branches specializing in business with enterprises and a new property development branch.

Special relationships have been fostered with Banco Popular España. to introduce partnerships, targeted offers and ensure that CIC Iberbanco is exposed to and works to best effect in its two national market environments.

2009 profits, generated in a year of financial and economic crisis, were €110,000 (contribution to Group), as compared to €4.6 million in 2008. This was mainly due to the slump in market interest rates, which hit Iberbanco.

***Boréal SAS:** in spite of recovery in the second half, 2009 was broadly depressed. Boréal's 2010 revenues fell by 9.6% to €2,871,000 bearing in mind that the business placed with the company by three of our customers was virtually unchanged compared to 2008.

The fall in profits was mainly caused by non-recurrent invoicing for the expenses incurred by the migration of the information system in 2008, and the partial takeover by BFCM in 2009 of the relationship with one of our customers (depository). On the other hand a business relationship has been established with a new customer, which is due to take off in 2010.

The trend in operating expenses was the same as for income items (- 10.1 %), so that operating profit fell 12.9% to €1,034,000.

The situation was aggravated by the 81.3 % slump in the financial result as a result of changing interest rates. Profit at €1,068,000 excluding extraordinary items fell by 22.0 % compared to 2008.

Year-end profit fell by 21.5% to €716,000 although it was appropriated to shareholders' equity, raising it by +7.8 % to €5,739,000, raising the value of the balance sheet by +5.5% to €6,017,000.

In 2010 we look forward to a 2.0 % rise in operating income, but a 6.6 % fall in overall profit, given the investments required for business development.

***CM-CIC Lease SA:** The bank's retail networks are committed to the business of selling real estate leasing contracts, on the back of which CM-CIC Lease in 2009 signed €586 million new financing agreements, a rise of 23.9%.

Funding was allocated to 366 new commercial buildings across France.

In the context of low demand for industrial property investment, retail and office space accounted for 57% of new transactions, a growth of 60% in volume terms compared to 2008. Industrial premises and logistics centers accounted for 28% of lease agreements as against 46% in the previous year. Medical establishments and retirement homes also increased their share of the business marginally to 11%, and the balance, 4% of new leases, was accounted for by hotels.

Consequently, the overall funding commitments on leasing contracts increased substantially, by more than 16%, to €2.4 billion.

Net banking income generated by customers rose by 11.4%, giving profit of more than €8 million, albeit down because of rising commissions (+16%, + €9.5 million) paid to the retail networks. Other factors were the rise provisions on loans and assets, which were caused by the increasing uncertainties in the real estate market and the absence of major transactions.

***CM-CIC Asset Management SA:** this company forms part of the core business of the Crédit-Mutuel-CIC asset management.

At year-end 2009, assets under the management of CM-CIC Asset Management rose to €67.02 billion from €54.6 billion at year-end 2008. The fund inflows from employees taking advantage of their company's share ownership schemes were €4.59 billion. In addition to fund management, CM-CIC Asset Management provided accounting services to 57 fund management companies, whose investments were valued at nearly €8.6 billion in 256 OPCVM mutual funds.

In 2009, CM-CIC Asset Management, as one of the major fund management business in the French retail banking networks, improved its market share and became market leader in terms of net collections and 5th ranked in France among financial groups for assets under management, which grew by 22 % over 2008.

In 2009 as in 2008, CM-CIC Asset Management received many awards testifying to the quality of its long term fund management (Trophées du Revenu, Labels de « Mieux Vivre Votre Argent », Label ISR 2009 Novethic).

2009 revenues stood at €282.9 million as against €288.4 million at year-end 2008. Net profit for the financial year rose to close to €4.3 million from €1.7 million in 2008.

***Carmen Holding Investissement SA:** this company was founded to organize a partnership based on equity holdings with the 3 Suisses International Group, as part of its takeover of the Cofidis Group. The entity is 66 % owned by BFCM and plays no operational role. The generality of the financial transactions are governed by the Cofidis acquisition agreements, including payment of the acquisition price. New capital was subscribed raising €656,488,740.

Insurance

***Groupe des Assurances du Crédit Mutuel – GACM – SA:** the CM5-CIC insurance activities are developed through the subsidiaries of the Groupe des Assurances du Crédit Mutuel (GACM).

In 2009, GACM profit under IFRS stood at €456.588 million, a 15% increase on 2008 in a particularly unfavorable financial situation..

In spite of rising claims in property insurance, the overall feature of 2009 was recovery in operating margins, due to higher life assurance premium income and a recovery in the value of the asset portfolio.

Consolidated revenues in the insurance business rose 20.3% to €8.070 billion, the highest level ever.

After two consecutive years of declining premium income, life assurance and funded insurance schemes returned to growth. Branch revenues at €5.325 billion rose 31.9%, due mainly to sales momentum in the branch network, at a time when short-term interest rates were favorable to life insurance.

On the other hand, property and casualty premium income increased more moderately (+3.7% vs. 2008) revenues benefiting to the tune of €87.348 million from the contribution of a major non-life insurance portfolio (Fédération de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest). In vehicle insurance a rise in premium income was reported albeit as little as 0.1% in the continuing recessionary market (-0.5%).

Various climate-related events (Klauss and Quinten in particular) dented property insurance technical margins.

The 2009 profits and recovery in the value of available for sale assets pushed GACM shareholders' equity up to €5.9 billion, 16% higher than in 2008.

Banque Fédérative underwrote 1,552,227 shares in the amount of €55,911,216 as part of the reinvestment of dividends in shares

Information Technology sector

***Euro-Information SAS:** financial 2009 ended with net profit of €40.9 million; business being in line with forecasts. The Caisse Fédérale du Crédit Mutuel d'Anjou and the Caisse Fédérale du Crédit Mutuel Océan subscribed to the reserved capital increase and became shareholders of Euro-Information. Banque Fédérative du Crédit Mutuel continues to own nearly 14 % of the equity (13.83%).

Property sector

***CM-CIC Participations Immobilières SA** supports property developers by taking equity stakes in civil investment companies (SCI), the vehicles whereby our house-building programs are developed throughout France. CM-CIC Participations Immobilières was in 2009 instrumental in bringing on a new 82 unit residential

development, generating a revenue stream of €11 million and drawing on €11,000 of own funds.. Net book profit was €1.6 million.

***CM-CIC Aménagement Foncier SA:** CM-CIC SAREST suffered from the decline in new housing starts in the Greater East region. 149 land plots were sold raising €10,193,000, which was below target. Out of a portfolio of 1,199 plots at year-end, 203 plots were reserved raising both €16,114,000 and prospects that the housing market will firm in 2010 at a time when structural costs have leveled off. Year-end profit was close to €150,000.

***CM-CIC Agence Immobilière SAS:** a promoter of sales of new homes, CM-CIC Afedim's business is governed by the Hoquet Law. It operates on the joint account of the Crédit Mutuel and CIC private banking network, to attract investors and first time home buyers. Before going on the market, the developments require the prior approval of a committee that includes the engagement, asset management and sales business lines. In 2009, the reservation of 4,054 land plots raised a revenue stream of €707 million, and should generate a fee income of €32.7 million, and a further €30 million on fee recovery accruing to the bank's retail network.

***CM-CIC Réalisations Immobilières SAS** trades under the name CM-CIC SOFEDIM and is a service provider to the CM-CIC Group in fields such as arbitrage, the coordination and overall control of refurbishment work, acting as a main contractor and provider of various assistance services. If rising income from the joint property developments managed by the dedicated Civil Property Companies (SCI) is included, the financial year ended with a profit of €320,000.

***CM-CIC Foncière SNC** is 60 % owned by BFCM and 40 % by CIC, having been set up to structure and organize the construction and extension of the CM-CIC training centers located at Bischensberg and Verrières-le-Buisson in the Paris region.

At Bischensberg, the two first tranches of work – the new restaurant and new hotel – were handed over and went into service on September 1, 2009. €17,650,000 was invested in construction materials and labor in the past financial year, a depreciation entry over four months being recorded for €288,000. Rental payments from Bischensberg SAS, the operating company, generated €260,000.

On the Verrières-le-Buisson site, the first earthmoving and foundation works have begun. Finance for the two projects, which was initially to be raised by bank lending, was finally obtained through successive calls on shareholder loans, in the amount of €42,650,000 on December 31, 2009. This treasury when invested generated financial income of €28,500. The loss reported for financial 2009, to be borne by the partners, was -€620,000€.

Communication sector

***Société Civile de Gestion des Parts du Crédit Mutuel dans le journal "l'Alsace":** 3.11 % of the equity of *Alsace* newspaper is recorded in the balance sheet for €1.6 million.

***Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace" SAS:** Groupe L'Alsace is an integral part of the press businesses acquired by the Group and is currently being reorganized, new capital being raised by the company for this purpose. Banque Fédérative invested €9,629,260 to raise its equity stake to 95.6 %.

***Devestmédia SAS:** this company has a minority interest in Espace Group, the controlling and holding company for local radio stations.

***Ebra SAS:** acquisition of 1,938 shares for outlay of €18,696 to take possession of all of the equity, 49% of which was previously owned. This press holding company controls *Bien Public*, *Journal de Saône-et-Loire*, *Le Progrès* and *Le Dauphiné Libéré*.

***Groupe Républicain Lorrain** was acquired in 2007 and is wholly owned. It operates the *Républicain Lorrain* newspaper. After reorganization, the group became profitable..

***France Est SAS:** this 80% owned company also owns an 18 % in *Est Républicain*, but has no operational activity as it is the focal point of a legal dispute raised by a minority shareholder of *Est Républicain*.

Services and others

***Réma Snc:** in 2009, this subsidiary specializing in the resale of equipment reported a 16 % rise in its revenues from €10.8 million to €12.5 million, and profits of €57,221, 3% down on the previous financial year.

***Bischenberg SA:** revenues at €3.2 million were €124,000 down on 2008, resulting in a net loss of -€70,000, arising from new or extraordinary expenses affecting the fit-out of the new facilities. The hotel and restaurant have been operational since the end of August 2009. The refurbishment of the old hotel should be complete in November 2010 to coincide with the delivery of the new training areas. Amphitheater completion is scheduled for May/June 2011. The refurbishment of the old facilities should be complete at the end of 2011.

***Sofédis SA:** revenues rose from their 2008 levels to €49.9 million, generating a profit of €2.1 million.

***Devest 6 SA** is dedicated to an industrial partnership in the aerospace sector. After reorganization of its share ownership, it is wholly owned by Banque Fédérative. The company made an operating loss and suffered from the current recessionary climate.

2.3 Activities – BFCM Group –

The subsidiaries that fall within the scope of consolidation of the BFCM Group are presented by sector in accordance with standard IAS 14.

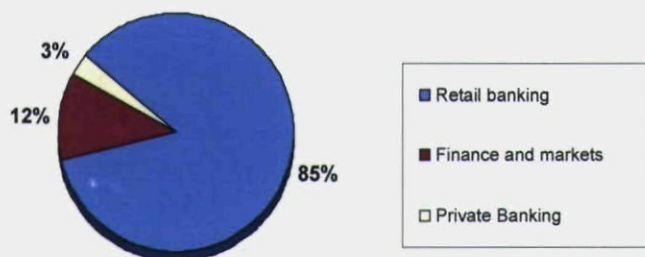
Description of activity poles

Business activity is broken down into the sectors which are the most consistent with BFCM Group organization. See note 3 to the consolidated financial statements, page **Erreur ! Signet non défini.**, showing the sector breakdown.

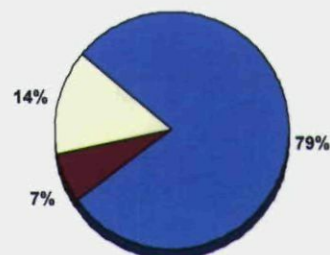
The full elimination of reciprocal transactions between the banking and insurance sectors would lead to transfers of assets and profits between the banking and insurance sectors, booked in such a way as to provide for a misleading economic assessment of the business of the sector so affected. Hence the activity-based analysis below shows elements of the insurance business before the elimination of reciprocal transactions, subject to the proviso of taking into consideration the economic entitlements of the insured (income generated from investing in the bank's insurance schemes, from insurance premiums paid by the banks on behalf of their employees, etc.). In particular, under the heading "Income from Insurance Activities" the numbers generated by activity-based analysis as a result of this restatement, are at variance with the numbers disclosed in the financial statements.

By sector presentation of the activities and business shown below applies to the consolidated BFCM Group.

**Breakdown of loans to and receivables from Customers
by activity**

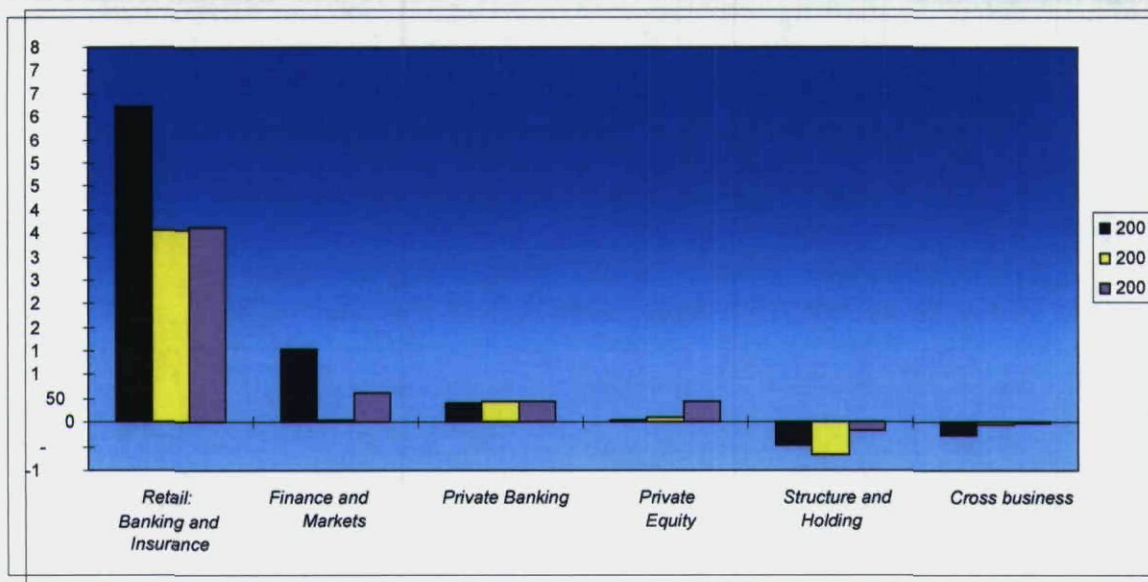


**Breakdown of liabilities with respect to Customers (1)
(Customer deposits)**



(1) SFEF issuances are not taken into account in customer deposits

Breakdown of Net Banking Income by Activity
(in €million)



- **Retail banking**, the core business of the BFCM Group includes:
 - The BECM network of CIC regional banks and the CIC network in Ile-de-France, the Targobank network in Germany, the Cofidis Group and the CIC Iberbanco branches;
 - Also included are the specialist activities, whose product sales and marketing is performed through the network, such as real estate and equipment leasing, lease and buy back, real estate leasing, leasing and payments by installment, factoring, mutual fund management, employee share ownership schemes and real estate.
- **Insurance**, a business operated by the Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries, the sale and marketing of whose products takes place through the branch retail network. The companies owned by the GACM operate in the life and non-life insurance market, in insurance brokerage, reinsurance, remote surveillance and in financial coverage for automobile maintenance.
- **The finance and market bank** covers two business lines:
 - Finance for major companies and institutional customers, value-added financing (raising funds for projects and asset acquisitions, export finance, etc...), the international business and foreign branches;
 - The market activities of the BFCM and CIC are covered by the single entity CM-CIC Marchés, under unified management.

Market activities are organized along three business lines, namely, Refinance, Commercial and Own Account. The transactions performed on two sites (Paris, Strasbourg) are recorded in two balance sheets:

 - BFCM balance sheet for the Refinance business line
 - CIC balance sheet for the Commercial and Own Account business lines;
- **Private banking** covers companies whose main business it is, both in France (CIC Banque Transatlantique, Dubly-Douilhet SA) and abroad (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private banking, Banque Pasche, Banque Transatlantique Belgium, Banque Transatlantique London).
- **Private equity** performed on own account is a significant profit center, and is organized around three main entities: CIC Finance, CIC Banque de Vizille and IPO.
- **The structure and holding division** includes all activities not assigned to other activity poles and organizations, whose purpose is purely logistical, such as intermediate holding companies and real estate operating companies, whose business is performed through special purpose vehicles.

Results by Activity

The consolidated entities are assigned each to a main responsibility or mission, based on their contribution to the consolidated financial statements.

The only two exceptions are CIC and BFCM, each of whom operates across a broad range of activities.

When this happens, the parent company accounts are subjected to a similar analytical breakdown. The same procedure applies..

The breakdown of the balance sheet and profit and loss statement by activity and by geographical zone are shown in Note 2 page Erreur ! Signet non défini. - the consolidated financial statements for the year-ending December 31, 2009.

Chapter III ENTREPRISE GOVERNANCE

3.1 Composition of Board of Directors after Ordinary General May 12, 2010

The Board of Directors of Banque Fédérative du Crédit Mutuel is currently comprised of 17 members appointed by the General Meeting and of 5 Scrutineers appointed by the Board under article 20 of the Statutes.

The Board on June 14, 2002 opted for dual management at the head of the company. The board president is Mr. Etienne PFLIMLIN, and the general management is in the hands of Mr. Michel LUCAS.

The legal provisions relating to the makeup of the board and the terms of office of its members are shown below.

At the Ordinary General Meeting of May 12, 2010, the terms of office of Ms. Marie-Paule BLAISE, Messrs. Michel LUCAS, Gérard CORMORECHE and Jean-Paul MARTIN were renewed for a further three years.

The report on Board operations and the report on internal control are on page 38.

□ Summary table of composition of Board of Directors

Directors	Position	Date appointment	Term	Representative
PFLIMLIN Etienne	President	03/05/2006	31/12/2011	SCHNEIDER Jean Pierre
LUCAS Michel	Chief Executive Officer	11/05/2004	31/12/2012	
HUMBERT Jacques	Vice-President	03/05/2006	31/12/2011	
BLAISE Marie-Paule	MCA	11/05/2004	31/12/2012	
BOISSON Jean-Louis	MCA	03/05/2006	31/12/2011	
BONTOUX Gérard	MCA	06/05/2009	31/12/2011	
CFCM Maine Anjou et Basse Normandie	MCA	04/07/2008	31/12/2001	
CORGINI Maurice	MCA	03/05/2006	31/12/2011	
CORMORECHE Gérard	MCA	11/05/2004	31/12/2012	
DANGUEL Roger	MCA	04/05/2005	31/12/2010	
GIRODOT Jean-Louis	MCA	04/05/2005	31/12/2010	
LAVAL Robert	MCA	03/05/2006	31/12/2011	
MARTIN Jean Paul	MCA	11/05/2004	31/12/2012	
NEU Pierre	MCA	15/12/2006	31/12/2010	
OLIGER Gerard	MCA	15/12/2007	31/12/2010	
PECCOUX Albert	MCA	03/05/2006	31/12/2011	
TETEDOIE Alain	MCA	27/10/2006	31/12/2011	

Scrutineers

Michel BOKARIUS
Gérard CHAPPUIS
Daniel SCHLESINGER
Michel FORNAS
Martine GROC

* MBD: Members of Board of Directors

3.2 Information on the Board of Directors

3.2.1 List of terms of office and functions in financial 2009

(Article L 225-102-1 of the Code de Commerce)

Mr. Etienne PFLIMLIN, President of the Board of Directors

Date of birth October 16, 1941 at Thonon les Bains (74)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Centrale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Caisse de Crédit Mutuel "Strasbourg Esplanade" – Le Monde Entreprises.

President of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Editions Coprur – Crédit Industriel et Commercial – Société d'Etudes et de Réalisation pour les Equipements Collectifs (Soderec) – Société Alsacienne de Publications "L'Alsace".

Member of the Board of Directors: Groupe des Assurances du Crédit Mutuel – Société Française d'Edition de Journaux et d'Imprimés Commerciaux "L'Alsace" – Fimalac.

Member of the Supervisory Board: Le Monde SA – Le Monde et Partenaires Associés – Société Editrice du Monde.

Permanent representative: of the **Fédération du Crédit Mutuel Centre Est Europe** on the Board of Directors of **Sofédis**, on the Management Committee of **Euro-Information**, and of **Caisse Centrale du Crédit Mutuel**, on the Board of Directors of **Maison Europe des Coopératives – MEC** -, au Supervisory Board of **CM-CIC AM**, and of **Crédit Industriel et Commercial**, on the Board of Directors of **CIC EST**, **CIC BSD-CIN**, **CIC Banque CIO-BRO** and **CIC Société Bordelaise**.

Mr. Jacques HUMBERT, Vice-President of the Board of Directors

Date of birth July 7, 1942 at Patay (45)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit mutuel du District de Mulhouse.

President of the Board of Directors: Caisse de Crédit Mutuel la Doller.

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

Mr. Michel LUCAS, CEO

Date of birth March 4, 1939 at Lorient (56)

Work address :

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President and CEO: Carmen Holding Investissement.

CEO: Confédération Nationale du Crédit Mutuel.

President of Board of Directors: Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel Iard SA – Assurances du Crédit Mutuel Vie SFM – Banque du Crédit Mutuel Ile-de-France.

President of Board: Crédit Industriel et Commercial.

President: Crédit Mutuel Cartes de Paiements – Europay France.

President of the Supervisory Board: Euro Information Production, CIC Production, Targo Deutschland GmbH, Targo Management AG, Targobank AG, Cofidis, Cofidis Participations, Fonds de Garantie des Dépôts.

Vice-President of Supervisory Board: CIC Iberbanco – Banque de Luxembourg - Safran.

Member of the Board of Directors – CEO: Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Member of the Board of Directors: Holding Eurocard - ACMN Iard – ASTREE – Assurances Générales des Caisses Desjardins – Banque de Tunisie – Banque Marocaine du Commerce Extérieur - CIC Banque Transatlantique – Banque Transatlantique Belgium – CRCM Midi-Atlantique - Caisse de Crédit Mutuel « Grand Cronenbourg » - Crédit Mutuel Paiements Electroniques – CIC Investissements – CIC Finance – CIC Lyonnaise de Banque – SOFEDIS.

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - CM-CIC Asset Management – Manufacture Beauville – CM-CIC Services.

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

Mrs. Marie-Paule BLAISE, Member of the Board of Directors

Date of birth June 28, 1937 at Strasbourg (67)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg.

Member of the Board of Directors: Caisse de Crédit Mutuel Strasbourg Europe – Fédération du Crédit Mutuel Centre Est Europe.

Mr. Jean-Louis BOISSON, Member of the Board of Directors

Date of birth August 2, 1948 at Bourg en Bresse (01)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Bourgogne Champagne.

President of the Board of Directors: Caisse de Crédit Mutuel de Montbard Venarey.

Vice-President of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe.

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

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique - Euro Information Production.

Mr. Gérard BONTOUX, Member of the Board of Directors

Date of birth March 7, 1950 at Toulouse (31)

Work address

Crédit Mutuel Midi-Atlantique

6, rue de la Tuilerie – 31112 BALMA Cedex

Is also:

President: Fédération du Crédit Mutuel Midi-Atlantique – Caisse Régionale du Crédit Mutuel Midi-Atlantique.

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Caisse de Crédit mutuel Toulouse St Cyprien.

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

Permanent representative of CRCM Midi-Atlantique on the Board of Directors of GACM, and of MARSOVALOR, on Board of Directors of Société Bordelaise de CIC.

Mr. Maurice CORGINI, Member of the Board of Directors

Date of birth September 27, 1942 at Baume-les-Dames (25)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Besançon.

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

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

Member of the Supervisory Board: Crédit Industriel et Commercial;

Joint manager: Cogithommes Franche-Comté.

Mr. Gérard CORMORECHE, Member of the Board of Directors

Date of birth July 3, 1957 at Lyon (69)

Work address

Crédit Mutuel du Sud-Est

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

Is also:

President: Fédération du Crédit Mutuel du Sud-Est – Caisse de Crédit Mutuel du Sud-Est – Cecamuse – Caisse de Crédit Mutuel Neuville-sur-Saône – Caisse Agricole Crédit Mutuel.

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Société des Agriculteurs de France.

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

Manager: Scea Cormoreche Jean-Gérard – Sàrl Cormoreche.

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

Mr. Roger DANGUEL, Member of the Board of Directors

Date of birth August 3, 1946 at Sélestat (67)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Sélestat.

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

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

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

Permanent representative: Banque Fédérative du Crédit Mutuel on the Board of Directors de la Caisse Centrale du Crédit Mutuel.

Mr. Jean-Louis GIRODOT, Member of the Board of Directors

Date of birth February 10, 1944 at Saintes (17)

Work address

Crédit Mutuel Ile-de-France

18, rue de la Rochefoucault 75439 Paris Cedex 09

Is also:

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

President: SAS Coopérative d'Édition de la Lettre de l'Economie Sociale (CODLES) – Chambre Régionale de l'Economie Sociale et Solidaire d'Ile-de-France (CRESS) – PEMEP – Comité Régional pour l'Information Economique et Sociale (CRIES).

Vice-President: AUDIENS – Conseil Economique et Social d'Ile-de-France – Fédération Nationale de la Presse spécialisée (FNPS).

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel - Caisse Fédérale du Crédit Mutuel Centre Est Europe – MEDIAFOR.

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

Member: Conférence Nationale des CRES – Groupe APRI.

Permanent representative of Caisse Régionale du Crédit Mutuel Ile-de-France on the Board of Directors of ACM Vie SFM – in the Commission Paritaire des Publications et Agences de Presse.

Mr. Robert LAVAL, Member of the Board of Directors

Date of birth May 20, 1949 at Saint Quirin (57)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Sarrebourg.

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

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

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

Permanent representative: of CCM Sarrebourg et Environs, Manager of SCI Crédit Mutuel Les Cordeliers.

Director: Sainte Véronique Retirement Home - La Charmille Retirement home.

Mr. Jean-Paul MARTIN, Member of the Board of Directors

Date of birth October 22, 1939 at Metz (57)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Metz.

President of the Board of Directors: CME 57.

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

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

Mr. Pierre NEU, Member of the Board of Directors

Date of birth May 8, 1940 at Barbezieux St-Hilaire (16)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Haguenau.

Vice-President of the Board of Directors: Caisse de Crédit Mutuel Alsace du Nord.

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

Member of the Supervisory Board: Editions Coprur.

Mr. Gérard OLIGER, Member of the Board of Directors

Date of birth July 7, 1951 at Bitché (57)

Work address

Fédération du Crédit Mutuel Centre Est Europe

34 rue du Wacken 67000 STRASBOURG

Is also:

President: Union des Caisses de Crédit Mutuel du District de Sarreguemines.

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

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

Mr. Albert PECCOUX, Member of the Board of Directors

Date of birth November 2, 1939 at St Martin Bellevue (74)

Work address

Crédit Mutuel Savoie-Mont Blanc

96, avenue de Genève BP56 74054 Annecy Cedex

Is also:

President: Fédération du Crédit Mutuel Savoie-Mont Blanc – Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc – SICA Haute-Savoie (Société Civile Coopérative d'Intérêt Collectif Agricole).

Vice-President of the Board of Directors: Caisse de Crédit Mutuel d'Annecy-les-Fins.

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Member of the Supervisory Board: Crédit Industriel et Commercial.

Permanent representative of CRCM Savoie-Mont Blanc on the Board of ACM VIE SFM.

Mr. Jean-Pierre SCHNEIDER, Permanent representative of CFCM Maine-Anjou et Basse-Normandie, Member of the Board of Directors

Date of birth July 3, 1943 at Place (53)

Work address .

*Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse Normandie
43 boulevard Volnay 53000 LAVAL*

Other functions exercised by Mr. Jean-Pierre SCHNEIDER

CEO: Caisse Fédérale du Crédit Mutuel de Maine-Anjou, Basse-Normandie.

Director: Fédération du Crédit Mutuel de Maine-Anjou, Basse-Normandie – Caisse Générale de Financement (CAGEFI).

President of the Board of Directors: SAS Volney Département.

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – SAS Cloé.

Member of the Supervisory Board: Haption – Euro Information Production – Société de Réassurance Lavalloise (SOCREAL SA).

Permanent representative of Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie Board member of *Caisse Centrale du Crédit Mutuel, des Assurances du Crédit Mutuel IARD SA, des Assurances du Crédit Mutuel Maine-Anjou, Normandie, of GIE Cloé-Services* – Member of the Supervisory Board of *CM-CIC Asset Management* – Member of Management Committee of *Euro-Information* – Joint manager *Société Immobilière de Développement des Environs de Laval (SIDEL SNC)* – of **Assurances du Crédit Mutuel Iard SA** Board member of *Sérénis Vie*.

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

43 boulevard Volnay at 53000 LAVAL

President of the Board of Directors: Assurances du Crédit Mutuel Maine-Anjou-Normandie

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

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

Member of Management Committee: Euro-Information – SIBE Participation.

Manager: SIDEL SNC.

Mr. Alain TETEDOIE, Member of the Board of Directors

Date of birth May 16, 1964 at Loroux Bottereau (44)

Work address

*Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest
46 rue du Port Boyer BP 92636 – 44236 Nantes Cedex 3*

Is also:

President: Fitega – Fiterra.

CEO: Nanteurop.

President of Board: Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest – Caisse Fédérale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest.

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

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

President of the Supervisory Board: Pflzeurop GmbH – CM-CIC Services.

Vice-President of the Supervisory Board: BCME.

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

Permanent representative of Fédération du Crédit Mutuel LACO for the Presidency of Investlaco – of Caisse Fédérale de Crédit Mutuel LACO, on the Board of Directors of GACM, on the Supervisory Board of SODELEM and EFSA, Board of Directors of CIO-BRO.

3.2.2 Compensation of Senior Management

(Information on the compensation of Senior Management is compliant to the recommendations of AMF and Code du Commerce).

The Crédit Mutuel Group signed the standard convention with the French state relating to measures for the refinance of credit institutions, in the framework of which the Group has entered into a number of engagements in the field of not only expanding lending but also in regard to the status, compensation, and commitments of company officers. The decisions taken in this respect by the Board of December 19, 2008 have been brought to the knowledge of the Statutory Auditors. At its meeting of December 18, 2009, the Board also adopted the recommendations on professional standards in regard to the compensation policy for financial market professionals.

The compensation received by the Senior Management of the BFCM Group is detailed in the table below. Compensation relates in part to their activities within Crédit Mutuel and CIC.

This compensation is comprised of a fixed and of a variable portion, both in respect of the activity of Crédit Mutuel and the activities performed by CIC, and is fixed by the decision-making organs of the BFCM and the CIC acting on proposals from their respective Compensation Committees. The fixed portion is determined in consideration of the habitual standards for comparable posts of responsibility. The variable portion is determined on a discretionary and flat rate basis.

Within the framework of Article L225-42-1 of Code de Commerce and the stipulations of the convention entered into by the Crédit Mutuel and the French state on October 23, 2008, the Board of Directors of BFCM, on proposal of the Compensation Committee, decided on December 19, 2008 to substitute for its decision of July 4, 2007, the provision s set out below in regard to its President, Mr. Etienne PFLIMLIN, and its CEO, Mr. Michel LUCAS.

Pursuant to Article L225-38 of the Code de Commerce, the Board approved an agreement providing that on termination of their term of office and insofar as the condition set out below was fulfilled, the President and CEO should receive a termination indemnity payable clear of other deductions calculated as follows:

- A first part to be calculated in a manner equivalent to the end of career indemnity of the benefit of which accrues to employees covered by the CMCEE collective agreement,
- A second part to be equivalent to the provisions under the *épargne salariale* or employee savings schemes in force for the CMCEE Group during the period in which they exercised their functions as President or CEO respectively.

The aggregate of both parts of compensation shall not exceed two years of the annual net average compensation paid by BFCM to the beneficiaries in the last four years.

In making provision for payment of such indemnity, the Board has decided to adopt a results-related criterion, determined and applicable as follows: the payment of this indemnity shall be an entitlement of the President or CEO at the time of termination of office if the Board determines at such date that the average consolidated results of the BFCM subsequent to financial 2008 (financial year in which the decision was taken to pay the indemnity) is no less than 10 % higher than the results of financial 2008. In the calculation of the above average, the consolidated results definitively approved by the Annual General Meeting of BFCM shall be taken into account.

The Board on motion of the Compensation Committee shall pronounce this criterion fulfilled and shall take the decision to calculate and pay the indemnity at the time the President or CEO respectively complete their terms of office.

The amounts provided for in this respect amounted to €2,534.605 on December 31, 2009.

The Group Senior Management furthermore benefitted from the provisions governing collective providence insurance schemes and supplementary retirement benefits introduced for all employees in the Group.

On the other hand, Group Senior Management benefit from no other specific advantage. No security or entitlement to the equity or the rights to acquire equity in BFCM or CIC have been assigned. Furthermore, Group Senior Management do not receive attendance fees (*jetons de présence*) in respect of their office either in regard to the companies of the Group or other companies but solely by reason their functions and responsibilities within the Group.

Group Senior Management may furthermore be entitled to monies credited them or be the beneficiaries of loans recorded on the books of the banks in the Group under the terms and conditions available to all of the staff. The total amount of outstanding capital in respect to loans contracted by Group Senior Management amounted to €6,093.70 on December 31, 2009.

As is its custom, the General Meeting did not vote in favor of attendance fees (*jetons de présence*). Consequently the Board of Directors paid no attendance fees to its members in 2009.

Compensation received by BFCM Senior Management in 2009						
Amount in euros (a)						
Name and First name <i>Function</i>	Origin	Fixed Part	Variable part (b)	Benefits in kind (c)	Social reintegration	Total 2009
PFLIMLIN Etienne <i>President of CA BFCM</i>	Crédit Mutuel	744 000		4 380	7 719	756 099
LUCAS Michel <i>CEO BFCM</i>	Crédit Mutuel	550 000		5 298	7 719	563 017
<i>President of Board of Directors</i>	CIC	550 000			2 216	552 216

- (a) These are the gross sums actually paid by the company during the financial year
- (b) The terms of the variable portions of compensation are set for BFCM by decision of the Compensation Committee and for CIC by the Supervisory Board meeting on conclusion of the General Meeting approving the financial statements for the financial year prior to that in which such variable portions are paid. Thus the variable portion paid in year N relates to the previous financial year (N-1)
- (c) Company vehicles exclusively

Compensation received by Senior Management of BFCM in 2008						
Amount in euros (a)						
Name and First name <i>Function</i>	Origin	Fixed Part	Variable part (b)	Benefits in kind (c)	Social reintegration	Total 2009
PFLIMLIN Etienne <i>President of CA BFCM</i>	Crédit Mutuel	744 000	100 000	4 380	7 487	855 867
LUCAS Michel <i>CEO BFCM</i>	Crédit Mutuel	550 000	200 000	5 088	7 487	762 575
<i>President of Directors</i>	CIC	550 000	200 000		2 149	752 149

The Crédit Mutuel on October 23, 2008 signed a convention with the French state in regard to the new provisions governing the guarantees provided by the French state to the financial sector. Under this convention, to which the main French banks are signatory, particular provision was made for the compensation of Senior Management. The principles set out in this convention were later taken up by AFEP – MEDEF in their recommendations.

BFCM is not a listed company, for which reason all of the tables recommended by AFEP-MEDEF are not shown. Tables 3 to 7 relate to operations which, given the organizational structure of Groupe Crédit Mutuel, are inappropriate. On the other hand, the information provided in tables 1 and 2 of these recommendations are shown in the single table above and are relevant to our organization. The table however shows securities listed in a regulated market. Under legal provisions (L225-42-1 of Code de Commerce) and under the engagements entered into by the above mentioned convention with the French state which as a whole are coterminous with the AMF recommendations, the Board of Directors have decided to adhere to the whole of the conditions and principles contained therein.

These principles in particular provide for the termination of the employment contract of a corporate officer on take-up or renewal of office if that corporate officer previously was covered by an employment contract. To date, the office of Director and the responsibilities of President of BFCM were both renewed, by the General Meeting of May 6, 2009 and by the Board of Directors held on the same day after that meeting, respectively. A CEO who is also a Director shall continue to benefit from an employment contract, that employment contract terminating

however (as required by the recommendations set out above) when the time has come for his/her term of office to be renewed (General Assembly of May 12, 2010).

Adherence to this set of recommendations and the engagements and decisions entered into by the Group have been published on the BFCM and CIC website. The AMF French financial markets authority was informed, as requested by the authorities before December 31, 2008, that the Group had adhered to its recommendations.

3.2.3 Independent Directors

Although unlisted, BFCM is part of a decentralized group, the capacity of whose directors to take up seats on the Board of Directors arises from their personal status as elected members.

The mechanism is as follows: each Caisse in the Crédit Mutuel elects at its General Meeting (convened for all members) the members of the Board of Directors. The Caisses elect from among the number of their members their representatives to the district, an organ common to a CCM group; the President of the District becomes *ipso facto* a member of the Board of Directors of the Federation, the political organ of a given CCM. This status enables the elected member to become a member of the Board of Directors of the Caisse Fédérale du Crédit Mutuel Centre Est Europe and of its subsidiary, BFCM.

This mode of election which begins with an election at a lower body (CCM) confers on a member of the BFCM Board a legitimacy and an independence equivalent to that of an independent Board member in listed companies.

There is indeed neither financial connection nor conflict of interest between the unpaid office performed for the CCM, for the District and for the BFCM.

This legitimacy conferred by internal election mechanisms, is subject to further confirmation each time a district election takes place (every four years).

Every loss of mandate by a District President entails loss of mandate in the BFCM, including in the circumstance that the mandate has not run to its full term. This mechanism covers 9 members of the BFCM's Board of Directors, equivalent to 53 % of the whole.

3.2.4 Conflicts of interest at the levels of the Board of Directors, Board of Management and Supervisory Board

To the knowledge of BFCM, there is no conflict of interest or potential for conflict of interest between, the duties dischargeable in respect of BFCM by the members of Board of Directors and the CEO, and the private interests of those same Directors and CEO.

3.3 Report on the workings of the Board of Directors and internal control procedures

(Application of Article 117 Law on financial security and Article L 225-37 of the Code de Commerce)

The provisions of article L 225-37 of the Code de Commerce specify that the President of the Board of Directors of the company making a public call for investors' funds "shall render account in a report attached to the Annual Report of the composition, conditions of preparation and organization of the works of the Board and of the procedures of internal control and management of risks set up by the company and of the limitations if any that the Board of Directors may attach to the powers of Chief Executive Officer."

A). PREPARATION AND ORGANIZATION OF THE WORKS OF THE BOARD

Composition of the Board

The Board of Directors of Banque Fédérative du Crédit Mutuel is currently made up of 17 members appointed by the General Meeting for 3 years and 5 Scrutineers appointed for 3 years by the Board pursuant to Article 20 of the Statutes.

The list of Board members indicating their functions performed in other companies is shown in the notes as required by legal provisions.

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

Two employee members have seats on the Board of Directors under the Comité d'entreprise interfédéral (Interfederal Works Council).

No attendance fees are paid, nor stock options awarded.

The compensation of the President and the Chief Executive Officer, in respect of their work within the Group; is fixed and its terms are consistent with the law in line with proposals submitted by the Compensation Committee.

Workings of the Board. Manner of exercise of the Powers of General Management

Under Article L 225-51-1 of the Code de Commerce, the Board has opted for the exercise of dual power at Senior Management level.

The Presidency of the Board is in the hands of Mr Etienne PFLIMLIN. In this respect, he represents the Board, organizes and directs the work and ensures that the Board members are in a position to discharge their responsibilities.

The General Management of the Company is in the hands of Mr Michel LUCAS. In this respect and under the law he is entrusted with the most extensive of powers to act in the name of the company and to represent it with respect to third parties.

There are no internal rules or regulations for the workings of the Board, which are governed by statutory provisions.

On an individual level, further to the obligations of reserve and professional secrecy, as applicable to the purpose and workings of the company, the Directors shall in their capacity as elected members comply with the code of ethics in force in the Group.

In 2008, the Board met six times. The average attendance rate was 86%.

At each Board Meeting, a complete folder containing information on all the points on the agenda is sent by mail to all of the Directors, scrutineers and representatives of the *Comité d'entreprise* (Works Council). At each meeting, the managers with responsibility for one or more aspects of or items on the agenda are invited to present those items, to make comments or respond to any questions.

The minutes of the meetings are sent to the Board members and submitted for approval to the Board.

All the meetings of the Board are on a standard basis an opportunity to cast a general eye over the development of the economic and financial situation and its impact on our Group.

The meeting of February 26, 2009 was devoted to the examination of and final decision on the financial statements and to the preparation of the Ordinary General Meeting held on May 6, 2009. The Board took cognizance of the annual report on internal control and on the control of the investment services.

Similarly, it authorized the increase in the covered bonds ceilings from €15 to €30 billion and the setup of a common securitization fund. As at every meeting, the Board examined the report of the ongoing financial affairs of the company (refinance, credits, own account).

A scrutineer representing Fédération Midi-Atlantique was appointed.

The Board of May 6, 2009 met after the General Meeting to raise the nominal level of loan issuances from €57 billion to €58 billion.

The Board of July 3, 2009 took cognizance of the report of the Risk Monitoring Committee of February 24, 2009 and of the *modus operandi* of the extraordinary risk alert procedures as required by regulation 97-02 amended by Government decision of February 14, 2009. Also analyzed were the company's situation as shown in the books, the trends affecting the budget, the forecast earnings and the monitoring of financial affairs.

The meeting of August 3, 2009 was devoted to the financial statements of the parent company and to the consolidated financial statements, for the half year-ending June 30, 2009. The Board took cognizance of the report of the meeting of the Audit Committee and of the Group financial statements as at June 30, 2009. It approved the regulated conventions in the context of raising the ceiling for covered bonds and the Fonds Commun de Titrisation, and took cognizance of the adjustment of the regulated financial arrangement between Caisse Fédérale and BFCM.

The fifth Board Meeting of the year was held on October 23, 2009. The generality of topics dealt with in June were reviewed and brought up to date. The Board took cognizance of the report of the Comité d'Audit et des Comptes (Audit and Accounts Committee) on September 21, 2009.

The last meeting of the year was held on December 18, 2009. The Board took cognizance of the works of the Risk Monitoring Committee of the CM5-CIC Group of September 30, 2009. The Board examined the financial statements as closed out at end November, giving an initial indication of the results of the financial year.

An update was also provided regarding developments in the budget and the preparation for the 2010 budget. The Board also took cognizance of the proposals to set up professional standards covering the compensation policy of financial market professionals.

All the Board meetings have standing items on the agenda regarding shareholdings, intra Group financial relations, credit decisions taken by the Credit Committee and as the case may be, the affiliation of new local Caisses

The duration of meetings varied as required by the number and nature of the issues on the agenda.

The number of meetings may vary from year to year depending on circumstances, although for some years past, the least number of meetings held in any one year has been four.

Consultation of Board members may be organized by exchange of written materials in the event of an emergency, any decisions made being subject to ratification at the next Meeting of the Board.

B) INTERNAL CONTROL AND RISK SUPERVISION PROCEDURE

Internal control and management at BFCM is part of the overall internal procedure implemented by Groupe CM5¹-CIC, as described below.

The purpose of the work of internal control and risk management is to oversee the application of all of the rules determined by the supervisory authorities, in the performance of the Group's business, relying on the internal

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

standards, tools, reference frameworks and procedures set up for this purpose. This provides the framework for the drafting of this Management Report, which has benefited from the further assistance from the internal controls and risk management services, performing their duties with due diligence and relying as necessary on the reference framework and the application guide of the French Autorité des Marchés Financiers (Financial Markets Authority).

1. General procedure for Groupe CM5-CIC internal control

Internal control and risk management procedures are deeply embedded in the organization. Their purpose is to oversee compliance to regulatory provisions to properly control risk and to enhance the security of financial transactions, as part of an overall drive to improve performance

1.1 A common, structured and independent procedure

The Group oversees that the procedure introduced is suited to its size, its operations and transactions, and the scale of the risk to which its business exposes the Group.

Reliant on common methods and tools, the internal control and risk measurement systems aim in particular at:

- exhaustively covering all of the Group's businesses;
- surveying, gathering, understanding, monitoring and aggregating risks on a homogenous and consolidated basis,
- ensuring compliance to laws and regulations in force and compliance to internal standards,
- overseeing the correct operation of internal processes and the reliability of financial information

The organization set up has as its purpose checking the quality and exhaustiveness of the internal control system. The Group on its own behalf and of the companies under its control checks that the procedures set up are based on a collection of procedures and operational limits compliant to regulatory requirements and to standards in force. It relies in its work on methods and tools defined at Group level and on the rules in force on a standard basis in the audit and control fields.

The identification of the major risks through reference frameworks and risk mapping, and their monitoring (including ensuring their capping within suitable limits), using formal procedures and dedicated tools, is an overarching goal, to the meeting of which all the control services within the Group make their contribution. Over and above actions with a view to detecting and reducing risks, the control services are involved in further work for the purpose of improving risk management. In parallel, analytical tools and monitoring schedules are the means to perform regular audits of the various risks to which the Group is exposed in its business, be they counterparty risks, market risks, balance sheet risks or operational risks. In accordance with regulatory provisions and additional to the internal audit report, every year sees the publication of a report on risk management and surveillance, the drafting of which involves a detailed review process of the risk control arrangements.

The proper match between the objectives assigned to internal control and the resources allocated to achieving these objectives is constantly sought.

The independence required of a proper auditing facility requires ensuring that those who perform the controls within dedicated audit structures are shielded from operational responsibilities and answer to superiors in a manner protecting their freedom of judgment and assessment.

1.2. Organization of controls

The CM5-CIC Group control arrangement is a response to a twin objective:

- Separating out of the different types of control into their separate typologies (periodical, permanent and compliance), compliant to regulatory developments;
- Harmonizing the works performed within the Group in the control field, with the introduction of a common organization based in particular on homogenous methods and tools.

Breakdown of type of control

Independently of the audits performed by management in their day-to-day business practice, the audit function is exercised by:

- periodical controls involving in-depth investigations performed as part of an internal audit cycle extending over several financial years;
- ongoing or permanent controls for all procedures of a recurrent nature performed using remote control and monitoring tools;
- compliance control ensuring the application of regulatory provisions and internal standards (*money laundering, investment service controls, regulatory watch, ethics ...*).

Periodical control is responsible for the oversight of the general quality of the internal control arrangements, taken as a whole, and for the efficiency of the management and monitoring of risks, as well as ensuring that the permanent and compliance controls are fit for purpose and are performed in a due and proper manner.

Breakdown of network/business lines

In the financial audit departments, the work is allocated to a “retail network” branch covering retail banking (*CM regional Federations and CIC regional banks*), and to a business line branch (*specialist subsidiaries, strategic accounts, market activities, asset management, financial services et cash flow...*). For each branch a manager is appointed answerable to higher authority at Group CM5-CIC level.

A common backbone of support for the various types of control

The common audit support organization is required to:

- develop and to maintain at the appropriate level of quality the tools required for efficient audit procedures;
- contribute to the implementation of homogenous methods by the various teams;
- ensure the development of required reporting tools for monitoring audit operations and missions, and to ensure information is duly circulated on and upward to the organs of management.

1.3. Oversight of control procedures by the Group Control and Compliance Committee

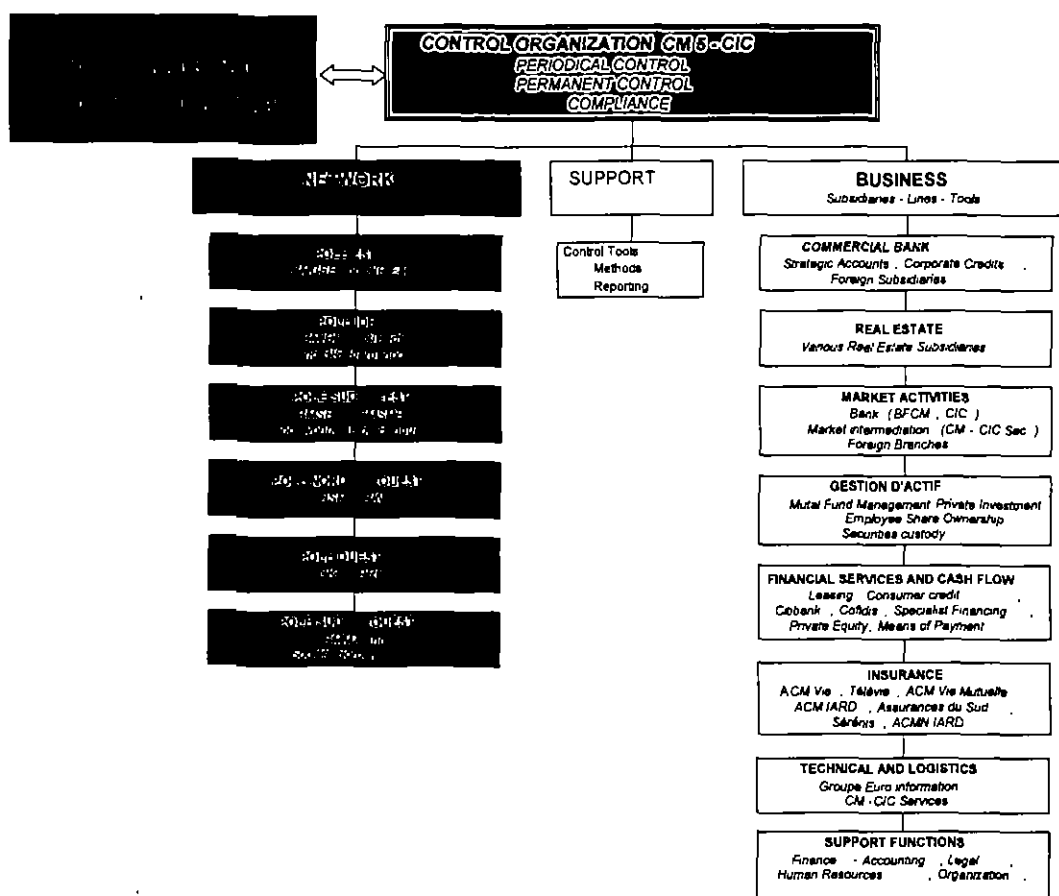
Under the authority of a member of the executive organ, the Control and Compliance Committee organizes regular meetings of Group managers working in the internal audit field (periodical, permanent, compliance controls), and in the risk management field. The purposes of these meetings are as follows:

- coordinate all the control arrangements;
- check that the work and missions of the various actors complement one another;
- examine the results of internal and external controls;
- monitor the implementation of the recommendations made to the different Group entities as part of the control procedures.

The Control and Compliance Committee is also required to examine a number of work procedures or documents serving as a benchmark for the Group. In 2009, it gave its opinion on the alert procedure in regard to significant incidents, the updating of the procedure for crossing thresholds, or the IT master framework, presented by the support organization seeking the proper coordination of the tools of the control procedure, in the context of pillar 2 of Basel 2 and the extension of the scope of Group businesses.

The Group met 5 times in 2009 (February 9, April 27, June 22, October 5 and December 7).

General breakdown of organization introduced



1.4. Group Audit and Accounts Committee

With a view to meeting the new requirements for the transposition of European Directive 2006/43/CE on the legal control of the annual parent company accounts and consolidated financial statements by order No. 2008-1278 of December 8, 2008, and the requirement arising from new standards of governance, a Comité d'Audit et des Comptes Groupe (CACG - Group Audit and Accounts Committee) was set up at CM5-CIC level.

The CACG, is made up of nine representatives of the Federations of the Crédit Mutuel that are members of the Caisse Fédérale du Crédit Mutuel CEE, and two members of the CIC Supervisory Board.

The Committee is presided by the Vice-President of the Fédération du Crédit Mutuel Centre Est Europe. Two its members have special skills in the accounting and financial field.

The independence of the members of the committee is assured by their being direct representatives of the Group as a mutual society controlled by its members, and in this respect elected by the members of their respective local Caisse. This independence is reinforced by the fact that membership of the CACG is on a voluntary unpaid basis.

The Group Audit and Accounts Committee meet at least twice annually and more frequently when necessary. Its quorum is half of its number

At the internal control level, the Group Audit and Accounts Committee:

- Examines the provisional program for internal control.
- Takes receipt of the conclusions of the missions performed under the periodical audit procedures and of the results of the permanent and compliance controls,
- Takes note of the conclusions of the external audits, notably and more particularly of possible developments recommended by the supervisory authorities,
- Is informed of the actions implemented to follow on from the main recommendations issued by internal and external control reports,
- Assess the efficacy of internal control systems,
- Propose to the various decision making organs the improvements that the committee believes to be necessary in the light of the information with which it is acquainted.

In regard to financial reporting, the Committee with responsibility for monitoring the process of drafting financial information, examines the annual and consolidated financial statements, makes an assessment of the manner in which they were drawn up and ensures that the accounting principles and methods used are both appropriate and continuously applied.

The Committee is a contributor to the Statutory Auditor selection process and supervises the auditing of the financial statements from the point of view of their conformance to law.

The Committee met twice during the past financial year (June 30, 2009 and September 21, 2009). The meetings of the Audit and Accounts Committee give rise to minutes intended for the decision-making organs of the various federations and the CIC, in order to keep boards fully informed.

1.5 Provisions for risk supervision

Group risk management

The purpose of Group risk management is to make an analysis and regular review of the risks of all kinds affecting the rates of return on the regulatory core capital allocation, its mission being to contribute to the development and the profitability of the Group, while overseeing the quality of the Risk Management procedures.

Group Risk Committee (CRG)

This committee brings operational staff together on a quarterly basis, namely the Risk Manager and the managers of the relevant business lines and functions (*Engagement Division, Market Division, Financial Division, Retail Banking, BFI, real estate, private equity*), at meeting with General Management. The Committee ensures the overall supervision of risks both after the event and on a forward looking basis.

The Group Risk Monitoring Committee (CSRG)

This committee is made up of the decision-making organs and meets every six months to examine the strategic issues facing the Group in terms of risks. On sight of the information at its disposal, the Committee makes proposals to the Group's decision-making organs for actions of a prudential nature to be applied to all establishments within the Group.

The Manager of the Risk Division leads the Group meetings and has responsibility for the presentation of the dossier drawn up on the various fields of risk, based on the work of the Group Risk Committee. General Management is also invited to the Committee's meeting, the Committee itself being empowered to invite managers of the business lines covered by points on the day's agenda.

2. Internal control procedures specific to BFCM

As the Group holding company which is owned by Caisse Fédérale du Crédit Mutuel Centre Est Europe and by the Caisses of the Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi Atlantique, BFCM manages the shareholdings in the specialist subsidiaries of the Group, which are all covered by general Group internal control procedures.

BFCM as an integral part of the CM5-CIC Group, has also deployed in regard to the business for which it has management responsibility at its own level, an internal control procedure seeking to meet the same targets for the prevention and management of risks.

The BFCM is the Group's financial tool, managing the Group's treasury and operating in the financial markets. It takes part in financing major projects and operates in the financial engineering field.

BFCM is also the correspondent for the Group's international partners.

An integral part of the BFCM and the CIC, the entity CM-CIC Marchés centralizes all the CM5-CIC Group market activities within a single trading room, to refinance the CM5-CIC Group as a whole through a single treasury management team. It also develops the ability to sell market products to customers, and builds up an own account business.

The methodologies for monitoring, establishing procedures and setting system limits are contained in a body of rules.

Market activities answer to a member of the CIC Board. The CIC Supervisory Board and the Board of BFCM approve the strategy for each business line (refinancing, commercial, own account), the allocation of capital while monitoring compliance to limits and budget allocations

As part of these arrangements, market activities are covered by a number of Committees:

- the Management Committee for CM-CIC Markets Division (meeting weekly) defines the strategy, analyses activity, results, risks and abidance by limits, while coordinating operational aspects (information system, budgets, human resources, procedures),
- the Market Risk Committee (meeting monthly) monitors compliance with the body of rules and decisions of the Management Committee and approves operational limits as part of the general limits set by the CIC and BFCM Boards of Directors.
- The CM-CIC Credit Market Committee (meeting weekly) takes decisions on requests for lending lines within the powers assigned to it by the CM5-CIC Engagement Committee.

The internal control system relies on the one hand on post-market missions with responsibility for auditing risks, results, accounting and regulatory compliance, and on the other hand, on the market activities control department attached to the manager of the business line permanent controls function, and to the compliance function.

Just as market operations were reorganized into a single structure, so BFCM Strategic Accounts and CIC Strategic Accounts have reorganized their own activities as part of CM-CIC Strategic Accounts, harmonizing their tools and procedures. The coordination of the control tasks through a single portal is provided by a business line-based permanent control manager. The results of controls performed over the year are also fed into the same portal.

The Group's business as a depositary was transferred to BFCM (at the end of 2008). The depositary business audit plan is based on the definition of a number of control tasks, which are devised in consultation with BFCM's business line permanent control department and its compliance department. This plan brings added robustness to client risk and product risk-based approaches, by implementing a control process from the time the business relationship first comes into being, and an analytical auditing process when an OPC/UCI is set up. It also provides for comprehensive ex-post control and for the identification of all the risks related to mutual fund management.

Ethical considerations and procedures are included in the compendium of good practice relating to the main principles and specific arrangements set up under BFCM business operations. Fundamental principles such as primacy of the client's interest and market integrity are restated.

As part of its operational risk management framework, an assessment has been made of operational risks arising from market activities.

BFCM is currently involved in the updating and mapping of its specific risks and valuation models relating to those risks.

In regard to protection measures, a market activity disaster recovery plan has been framed. Its purpose is to ensure continuity of critical businesses and activities after a serious disaster or inability to access business premises. The new market trading room dedicated information system is backed-up by a geographically distant emergency support facility.

Periodical controls are performed by Group Audit on a pluriannual basis. The conclusions arising from such missions are presented to the Compliance and Control Committee and shown in the annual report sent to the Banking Commission. Missions may be of general scope, or set up to meet specific shorter term requirements.

3. Internal control of the drafting and processing and financial information

3.1. Role of organs of governance and of the Group Audit and Accounts Committee

At each accounts close-out or time of disclosure of financial information, the relevant items are presented by the Financial Division to the Board of Directors. The formation of profit, the presentation of the financial situation and the activity are dealt with in a report including the reconciliation with the management data not legally required in the financial statements (interest rates, average capital levels, etc.).

Such accounting principles as are adopted which have a significant impact have on a prior basis been reviewed and approved by the Statutory Auditors. The Statutory Auditors are regularly convened to the meeting of the Board of

Directors approving the financial statements, and are invited to give an account of their mission and make the results of their work available to the decision-making organ.

The Group accounting principles used for the consolidation of the financial statements are set out in detail in the notes to the financial statements.

Since 2009, the accounting work is covered by a general presentation to the Group Audit and Accounts Committee, independently of the Financial Division, the Committee being responsible for an examination of the process of drawing up the accounts and financial information disclosed by the Group.

During the financial year, the information conveyed to the Group Audit and Accounts Committee related to:

- the overall process of drafting the Group's financial statements (information tools used, administration of the accounting information system, procedures and workflow implemented),
- the accounting options adopted (scope of consolidation, provisions for shareholdings) in regard to applicable IFRS regulations,
- consolidated financial statements and their in-depth analysis (analysis of the various headings of intermediary management balances, sectorial analyses by business line),
- developments affecting the calculation of solvency ratios (capital and risks).

3.2. Specific features of banking activity

The accounting and financial organization adopted responds to the special needs of the business of a credit institution:

- virtually all economic operations performed by a bank result in a financial flow or a commitment which requires booking into an accounting system;
- considerable volumes of accounting entries based on entirely automated processes of recording operations transacted;
- to the contrary of industrial and commercial enterprises, decentralization of accounting records within the organization as a whole, and not limited to the Accounting Division.

Thus, the overwhelming majority of transaction record-keeping is managed by the information system under pre-established procedures. The purpose of these automated processing circuits is to ensure:

- the exhaustiveness, the reality, the measurement and correct classification of the translation into accounting form of the economic transactions completed;
- prevention of the risk of fraud by predetermining centrally the operations which are or not to be performed by each actor;
- rapid and regular centralization of accounts, as the items of record are entered in real time or if on a deferred basis by batch processing each working day;
- *de facto* homogenization of accounting data, across all companies within the Group.

3.3. Accounting system

Accounting architecture

The company shares an IT platform, which is common to 15 Crédit Mutuel Federations and to the banks of the CIC, and which includes common regulatory and accounting functionalities, relating in particular to:

- plan of account, whose structure is common to all the establishments managed on the platform;
- definition of common automated procedures and tables for all of the banks (means of payment, deposits and credits, standard operations, etc.);
- tools for data restatement and transfer (BAFI, entry into consolidation software ...) and management (financial controls and audits).

Given this framework, the administration of the common accounting information system is entrusted to dedicated divisions, the so-called Accounting Schematics and Procedure Divisions, which form independent cells, either at CM5-CIC Financial Division level in the retail banking/networks or at the level of the CM5-CIC Financial Division covering the specialized business lines.

These independent cells have more specific responsibilities in respect of:

- Management of the common plan of accounts (set-up of accounts, definition of account characteristics, etc.);
- Definition of the procedures of the common accounting tables and procedures, compliant to regulatory and tax requirements. Whenever required, the tax department is consulted and schematics are set up subject to a validation procedure requiring the involvement of the various operational managers.

The Accounting Schematics and Procedures Divisions are independent, both in terms of management hierarchy and operationally, from the departments that produce accounting data as such, enabling a separation between the functions of design and administration of the accounting architecture, and other operational departments.

Within the company, all the accounts must be dedicated to an operational department which has responsibility for their operation and control. No account can thereby be unsupervised, and devoid of a clearly designated controlling and monitoring entity.

The organizations and procedures in place provide for compliance to Article 12 of Regulation CRBF 97-02, and for the guarantee of an effective audit trail.

Plan of Accounts

The plan of accounts builds around two major types of account: third party accounts, which connect assets and liabilities to individualized third parties, and general accounts under general accounting procedures.

Hence dedicated accounts for third party deposits, and for loans granted to third parties allow for monitoring and tracking. In regard to the custody of securities, a “purpose-based” accounting system is in existence, making a distinction in terms of ownership of securities between third parties and own account.

The nomenclature used in the plan of account is unique for all credit institutions managed on the common IT platform (known as the *Nouveau plan de comptes internes* (NPCI – new plan of internal accounts)). It is under the management of the Accounting Schematics and Procedures Divisions.

This plan of accounts defines the properties of the individualized accounts relating in particular to:

- Regulatory attributes (cross-matching to the official plan of accounts of credit institutions (PCEC), cross-matching to headings of the financial statements for public disclosure, etc.),
- Certain tax characteristics (VAT position, etc.),
- Financial control characteristics (mandatory presence or otherwise, link with consolidation plan of account, holding times for on-line transaction records, presence at headquarters / over the counter in-branch, etc.).

Processing tools

Accounting information processing tools rely essentially on internal applications developed by Group IT Services. In addition, there are a number of specialist internal or external applications, in particular a software for the production of management reporting, a software for the production of accounting balances or schedules, a utility for the processing of file requests, consolidation software, software for processing regulatory statements, software for the management of assets and software for tax returns.

Automated controls

Processing of the accounting files requires a series of automated controls prior to data being recognized as a debit or credit item in a given account: these controls include file balance, file validity, update of audit trail of the accounts involved in the transaction recorded.

Internal tools enable control over fund movements within the accounting day, and detection of anomalies or mismatches if any.

4. Internal controls for drawing up parent company accounts and in the consolidation process

At each close-out, book results are compared to forecast management data for validation purposes. Forecast management data are developed by organizations independent of accounts production departments (i.e. by financial control and budget control departments).

Analytical auditing covers:

- interest margin; for interest rate instruments (deposits, credits and off-balance-sheet) the financial control procedure calculates yields and expectations of costs on the basis of observed mean capital; the latter is then compared to the actual interest accounted for, for validation activity sector by activity sector;
- level of commissions; on the basis of activity indicators, financial control estimates the volume of commissions received and payable, compared to accounting records;
- general expenses (personnel expenses and other general operating expenses);
- cost of default (level of provisions, reserves and observed losses).

Accounting procedures and accounting schematics are formalized. For those operating the bank's retail network, the procedures are shown on the bank's Intranet.

The day-to-day accounting controls are performed by the relevant staff at each till in the retail banking sector. The accounting control departments additionally perform a general control mission relating to regulatory controls, monitoring the evidence attaching to internal account handling, monitoring tills, controls of foreign exchange positions, controls of net banking income by business line, accounting schematics and procedures, interface between back-offices and Statutory Auditors.

Furthermore, audit services (periodical, permanent and compliance controls) are required to work in the accounting field. A control portal dedicated to the accounting function is currently in preparation.

Controls over consolidated financial statements

The system is periodically adjusted to respond to changes in regulations (IFRS) or to improve the reliability of the production of financial statements.

The accounting principles set down in IFRS standards have been applied since January 1, 2005 within Group entities. A summary of the principles of IFRS accounting standards is given in the consolidated financial statements.

The CM5-CIC Group defines the principles and accounting methods used in France (CNC) and internationally (IFRS). They are applied by all Group entities in their individual financial statements. Foreign subsidiaries recognize these when transferring their accounts kept under local standards into those compliant to French and international standards in the consolidation packages and for financial reporting purposes. The accounting principles used for the consolidation of the financial statements are compliant to the accounting principles of the central organ of Crédit Mutuel, and the Confédération Nationale du Crédit Mutuel.

The accounting managers of entities of the CM5-CIC Group meet twice a year to prepare close-out of accounts.

Individual accounts drawn up in a manner compliant to IFRS international standard are set up by the central IT systems for entities using the common information systems. Individual IFRS accounts are closed out by the same organization and the same team as the individual accounts drawn up according to French accounting principles (CNC).

The Group has a consolidation plan of accounts. Within the common information system, each account in the common plan of accounts is matched to the consolidation plan of accounts. The matching is therefore unique for a same account, and covers all the companies under the management of that plan.

Consolidated accounts are drawn up in a manner compliant to the timetable circulated to all subsidiaries and all Statutory Auditors, including as the case may be changes in procedure or standards to be adopted. Within each consolidated subsidiary, an accounting manager is designated to handle the close-out of the accounts of the

subsidiary in question. Also designated is the manager responsible for identifying and processing the reciprocal accounts between the companies covered by the full consolidation process.

The Statutory Auditors involved in the consolidation processes, on a parallel basis, send audit instructions to the legal auditors on the consolidated companies, for the purposes of ensuring compliance to the various standards by that subsidiary, as required by professional standards.

Consolidation of financial statements is performed on dedicated software, which is one of the market standards. Data recording on the consolidation software (involving consolidation packages) is partially automated through an interface developed in the accounting information system, providing for automatic recovery of balances and ensuring the homogeneity of parent company data and consolidation data.

Additionally, the consolidation package cannot be released into its new destination by the relevant companies except that the conditions required by a number of coherence checks have been met, these checks being directly programmed into the consolidation package. These control rules (more than 600 at present) are drafted by the consolidation departments and relate to a varied number of elements (change in shareholders' equity, provisions, fixed assets, cash flows, etc.). The controls, known as "blocking", prevent the release of the consolidation package by the subsidiary, except in the event of waiver specifically granted by the consolidation department.

Coherence controls covering parent company data are also performed by the consolidation department on receipt of the packages (level of profit and loss, intermediate balances, etc.).

Finally, schedules for systematic reconciliations between parent companies and consolidated data are drawn up for shareholders' equity and profit and loss. This process provides an assurance of coherence when moving between the two series of data, parent company and consolidated, and takes place outside the consolidation software package, enabling the validation of the consolidated items.

In conclusion, the BFCM internal control procedure and risk management organization, based on common methods and tools, are part of the CM5-CIC Group Audit and Control organization. The continuing further reinforcement and improvement of their effectiveness and efficiency is an on-going goal.

C). LIMITATION OF POWERS OF CEO

The Board has not provided for limitations on the powers of the Chief Executive Officer as set out in the law and in our Statutes and internal regulations.

D). PRINCIPLES FOR THE DETERMINATION OF COMPENSATION GRANTED TO CORPORATE OFFICERS

A number of measures in regard to compensation were published in 2009 (*decision of January 14, 2009 and November 3, 2009 in amendment to regulation 97-02, publication of the Professional Standards of the French Banking Federation of November 5, 2009 in regard to the governance and compensation of financial market professionals*).

As an extension of the above, new rules of governance have been defined at the Group level. The decision-making organizations have developed the procedures governing compensation in accordance with developments in the framework of law and regulations and of the recommendations in regard to professional standards in the field of senior managers and corporate officers, as well as the terms of the agreement entered into between the French state and the Crédit Mutuel Group on October 23, 2008.

The Board of Directors consults the Compensation Committee, most of whose members are independent, and competent in the analysis of the policies and practice in the field of compensation with respect to all appropriate criteria, including the company's risk policy.

The Compensation Committee checks through the report made to it by General Management, to satisfy itself that the policy is compliant to the provisions of Chapter VI of Book IV of the Regulation 97-02.

Pursuant to Article 5 g of Regulation 97-02 as amended, the internal control and audit department checks the proper match between the compensation policy and the risk management objectives.

The annual information released by Commission Bancaire in regard to Articles 43-1, 43-2 and 43-3 on implementation of compensation policy is put into effect mainly through the CMS-CIC internal control report, and more particularly is based on the items provided by the HR department, in respect of all matters governing the decision-making process, the main characteristics of compensation policy, and the quantitative information relating to managers and financial market professionals.

In 2010, improvements will be provided to this arrangement, notably in terms of procedural formalization.

3.4 Report of Statutory Auditors on the report of the President of the Board of Directors

(Drawn up and pursuant to Article L.225-235 of Code de Commerce)

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

Commissaire aux Comptes



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

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable

Commissaire aux Comptes

ERNST & YOUNG et Autres
41, rue Ybry
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles



Banque Fédérative du Crédit Mutuel

BFCM

Exercice clos le 31 décembre 2009

Rapport des commissaires aux comptes, établi en application de l'article L. 225-235 du Code de commerce, sur le rapport du président du conseil d'administration de la BFCM

To the Shareholders,

In our capacity as Statutory Auditors of the company BFCM and pursuant to the provisions of Article L. 225-235 of the Code de Commerce, we present our report on the report drawn up by the President of your company in accordance with the provisions of Article L. 225-37 of the Code de Commerce in respect of the financial year-ending December 31, 2009.

It is the responsibility of the President to draw up and submit to the Board of Directors for approval a report giving an account of the internal control and risk management procedures set up within the company and giving the other information required by Article L. 225-37 of the Code de Commerce in regard to the provisions for enterprise governance.

It is our responsibility:

- to make known to you the observations that arise on our part in regard to the information contained in the report of the President concerning the internal control and risk management procedures in respect of the drawing up and the processing of financial and accounting information, and
- to certify that this report contains the further information required by Article L. 225-37 of the Code de Commerce, it being specified that it is not our responsibility to verify the sincerity of this fur

We have performed our work in accordance with the professional standards applicable in France.

Information in regard to the internal control and risk management procedures for the drawing up and processing of accounting and financial information

The standards of the profession require the performance of the audits intended to assess the sincerity of the information regarding the internal and risk management control procedures for the drawing up and processing of the accounting and financial information contained in the report of the President. These audits are comprised in particular of:

- taking cognizance of the internal and risk management control procedures relating to the drafting and processing of the accounting and financial information underlying the information presented in the report of the President and in the existing documentation;
- taking cognizance of the work required to draft this information and the existing documentation;
- determining whether the major deficits in internal control relating to the drawing up and processing of accounting and financial information that we may have observed as part of our mission have been appropriately conveyed in the report of the President.

On the basis of the work undertaken, we have no comment to make on the information in regard to the company's internal control and risk management procedures, relating to the drafting and processing of accounting and financial information contained in the report of the President du Board of Directors drawn up pursuant to the provisions of Article L. 225-37 du Code de Commerce.

Other information

We certify that the report of the President of the Board of Directors contains the other information required by Article L. 225-37 of the Code de Commerce.

Paris-La Défense and Neuilly-sur-Seine, April 23, 2010

The Statutory Auditors

Amaud Bourdeille

Isabelle Santenac

3.5 Report on the procedure for combating money laundering

Since January 2009, work packages have been initiated to analyze the consequences of the transposition of the third European directive and adapt the internal tools, procedures and training programs accordingly. This involves more particularly organizing and periodically updating KYC information as specified in the order of January 30, 2009 and its decrees of applications published during the year, and adapting in consequence the vigilance tools, the formalization of in-depth analyses, the procedures for declaration, and more particularly defining « LAB-LFT » risk rating (normal vigilance, particular vigilance or reinforced vigilance) based on the criteria suited to each category of customer and the nature of the transactions performed.

- The simulation work performed at year-end based on these criteria for all of the customer accounts gave rise to satisfactory results
- Development of software and modification of existing procedures should be completed during the first half of 2010. This work package will nevertheless remain a priority in the compliance field for the year to come.
- Works to reinforce network vigilance continue throughout the year through the improvement of events targeting (EVT) dedicated to LAB. The purpose here is to end up with investigation and formalization of "Occasional Reports", providing for a graduated response on the basis of the criteria assessing the sensitivity of transactions or their regulatory control points, by implementing settings suited to customer habits (OPFL), the purpose being to reduce the burden of cash flow validation controls (OVF), and the regular updating of documentation and the ATHENA training tool.
- In 2010, the applications will be simplified out of desire for clarification, involving continuing use upstream of the cash flow control tools and the pooling of EVTs in an in-depth analysis dossier. This dossier is a new concept giving expression to a standardized routing procedure enabling the accounts manager to determine whether, as a result of the examination of client transactions, a standard procedure is allowable or a draft Tracfin declaration. Deployment is planned in the course of January.

Chapter IV INFORMATION ON PARENT COMPANY ACCOUNTS

4.1 Management report on parent company accounts

The comments on the 2009 business of BFCM and its subsidiaries (points 2.1 and 2.2) complete the report on the parent company accounts below.

The balance sheet

The balance sheet closed out on December 31, 2009 in the amount of €177.9 billion, 8.1% less than the previous financial year.

On the liabilities side, debts in respect of credit institutions included deposits from the Caisse de Crédit Mutuel des Fédérations Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi Atlantique transiting through the Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE). Such debts rose by 14.3% to €48 billion. Customer accounts in credit recorded on the liabilities side amounted to €19.1 billion. This item was mainly made up of OPCVM/UCIT instant access accounts standing €4 billion in credit, and client accounts and term borrowings to the tune of €15 billion.

Securities on loan, interbank paper and negotiable securities (€24.8 billion) in addition to bond debt (€23.8 billion) added up to total securities holdings in the amount of €48.6 billion.

The fund for general banking risk in the amount of €61.6 million remained unchanged. The amount of Super Subordinated Securities amounted to €2.3 billion after reimbursement of €1.036 billion Subordinated Securities subscribed by the Société de Prise de Participation de l'Etat (SPPE - French Government Shareholding Entity) under measures to finance the economy as against the background of the 2008 financial crisis.

Total shareholders' equity and equivalent amounted to €5.1 billion (excluding profit for the financial year).

On the asset side, the centralizing treasury role played by the CM5-CIC Group gave rise to loans to credit institutions in the amount of €135.2 billion. The refinancing of CFCMCEE to fund lending by the Crédit Mutuel Caisses made up the greater part of this, in the amount of €61.2 billion. On the other hand, specific uses of funds by Caisse Fédérale du Crédit Mutuel CEE were refinanced in the amount of €22.4 billion. The Banque Fédérative refinancing business also included Banque de l'Economie du Commerce et de la Monétique, and entities in the CIC Group. The total amount granted to these entities was €41 billion.

Transactions with customers amounted to €8.7 billion, mainly lending to the major corporate sector, and for refinancing the vehicles instrumental in the acquisition of BFCM shareholdings.

Trading securities, securities held for sale and securities held to maturity made up the other financial resources (€21.5 billion).

Shares held in related companies amounting to €5.9 billion were mainly made up of CIC stock (€2.8 billion), of Groupe des Assurances du Crédit Mutuel stock (€0.9 billion) and of Cofidis stock (€0.7 billion). The value of shareholdings was recorded at €1 billion, mainly made up of the equitable interest in Banque Marocaine du Commerce Extérieur and Banque de Tunisie.

LME law and lead times for payment

We show below pursuant to Articles L441-6-1 and D 441-4 of the Code de Commerce, the breakdown at year-end of the balance of our debts to our suppliers in an overall amount of €340,620.95, by maturity:

Financial year	< 30 days	between 30 & 45 days	between 45 & 60 days	> 60 days
2009	98%	2%	0	0

Profit and loss statement

The interest and equivalent income amounted to €8.2 billion, including €7.2 billion of transactions with credit institutions.

Interest and equivalent charges were €8.1 billion. Interest payable to credit institutions (€6.1 billion) and interest on securities issued at €1.2 billion made up most of this..

Revenues from variable income securities (equities), were mainly made up of dividends received from BFCM subsidiaries.

Gains on the portfolio of securities held for sale amounted to €120.2 million, the major part being made up of reversals of provisions in the amount of €145.6 million (of the €302 charge to the 2008 financial statements to cover price falls in the financial markets). The capital losses on disposals on this same portfolio amounted to €25.4 million.

Given commissions and other operating income, net banking income was positive in the amount of €339.3 million as against -€21.6 million in 2008.

General operating expenses amounted to €36.5 million.

In 2009, the disposal of securities classified as doubtful debt generated net improvement of €1.2 million under cost of default. On the other hand, the balance of the "gain/losses on fixed assets" was mainly (€75 million) ascribable debt remissions to reinforce the capital of the Ebra subsidiary, acquired at year-end 2009.

Furthermore, an amount of €11,728 was committed to rental payments and depreciation of company vehicles which are not tax deductible and reallocated taxable income at the standard rate.

The deferred tax situation for 2008 and for the current financial year was offset against prior period profits, resulting in a tax income item in regard to corporation, in the amount of €106 million.

Finally, profit for the financial year amounted to €330.9 million in 2009 as against a loss of -€130.6 million in 2008.

Proposals from the Board to the General Meeting of Shareholders

The appropriation of profit proposed to the General Meeting is as follows:

2009 profit:	330 938 950,34 €
retained earnings:	- 129 750 494,36 €
total:	<u>201 188 455,98 €.</u>

We propose to:

- Pay a dividend of €4.96 on each of the 26,043,845 shares making up the capital, resulting in a dividend payout totaling €129,177,471.20. This dividend is eligible for the abatement provided for by Article 158 of the Code Général des Impôts;
- Allocate €12,000,000.00 to legal reserve;
- Allocate €60,000,000.00 to optional reserve;
- Retain earnings in the amount of €10,984.78 euros.

In accordance with the legal provisions in force, we remind that you the dividends paid per share in respect of the last three financial years were as follows:

<i>Finanacial Year</i>	2006	2007	2008
Amount in €	€5,38	€7,48	-
Dividend eligible for abatement under Article 158 of CGI	yes	yes	

4.2 Financial statements

ASSETS <i>(in euros)</i>	31-12-09	31-12-08
CASH, CASH EQUIVALENT, CENTRAL BANKS	1 240 782 419,37	3 712 062 001,29
GOVERNMENT SECURITIES AND EQUIVALENT	264 302 704,62	833 272 397,07
DUE FROM CREDIT INSTITUTIONS	135 247 815 411,02	146 198 698 775,15
CUSTOMER TRANSACTIONS	8 694 330 477,77	9 166 173 372,83
BONDS AND OTHER FIXED INCOME SECURITIES	21 530 133 995,64	24 493 128 983,51
EQUITIES AND OTHER VARIABLE INCOME SECURITIES	256 608 064,58	210 372 757,73
SHAREHOLDINGS AND OTHER LONG TERM SECURITIES	1 030 122 903,09	817 367 280,68
SHARES IN AFFILIATED COMPANIES	5 934 667 288,36	5 101 471 943,43
LEASING AGREEMENTS	0,00	0,00
HIRE AGREEMENTS	0,00	0,00
INTANGIBLE ASSETS	3 000 141,00	3 000 141,00
TANGIBLE ASSETS	7 106 420,78	7 266 972,55
CAPITAL SUBSCRIBED BUT NOT FULLY PAID UP	0,00	0,00
TREASURY SHARES	0,00	0,00
OTHER ASSETS	2 729 092 042,43	1 465 026 810,99
REGULARISATION ACCOUNTS	1 000 582 533,82	1 645 224 355,27
TOTAL ASSETS	177 938 544 402,48	193 653 065 791,50

OFF BALANCE SHEET	31-12-09	31-12-08
COMMITMENTS GIVEN		
FINANCE COMMITMENTS	3 491 336 684,91	3 120 869 704,83
SURETIES	9 331 087 097,40	3 950 654 904,86
COMMITMENTS ON SECURITIES	0,00	7 612 174,08

LIABILITIES <i>(en euros)</i>	31-12-08	31-12-07
DUE TO CENTRAL BANKS	0,00	0,00
DUE TO TO CREDIT INSTITUTIONS	96 494 895 240,53	111 658 647 074,01
CUSTOMER DEPOSITS	19 084 266 788,71	6 805 198 104,33
SECURITIZED DEBT PAYABLES	48 634 933 530,59	57 455 238 278,22
OTHER LIABILITIES	1 127 984 666,20	3 618 545 780,08
REGULARISATION ACCOUNTS	2 126 709 730,06	2 894 644 525,82
CONTINGENCIES AND LIABILITIES	54 095 604,22	93 245 577,94
SUBORDINATED DEBT	7 264 070 516,07	8 307 052 514,34
FUNDS FOR GENERAL BANKING RISK	61 552 244,43	61 552 244,43
SHARE CAPITAL EXCLDING FUND FOR GENERAL BANK	3 090 036 081,67	2 758 941 692,33
CAPITAL UNDERWRITTEN	1 302 192 250,00	1 302 192 250,00
ADDITIONAL PAID-IN CAPITAL	577 704 582,87	577 704 582,87
RESERVES	1 008 756 261,82	1 008 756 261,82
GOODWILL	0,00	0,00
REGULATORY PROVISIONS AND INVESTMENT SUBSIDIE	194 531,00	39 092,00
RETAINED EARNINGS	-129 750 494,36	857 733,39
PROFIT	330 938 950,34	-130 608 227,75
TOTAL LIABILITIES	193 653 065 791,50	193 653 065 791,50

OFF BALANCE SHEET	31-12-09	31-12-08
COMMITMENTS RECEIVED		
FINANCE COMMITMENTS	10 955 899 380,88	3 098 872 307,48
SURETIES	14 097 626,57	462 750 653,03
COMMITMENTS ON SECURITIES	337 541 051,49	479 627 733,06

PROFIT AND LOSS STATEMENT (In euros)	31-12-09	31-12-08
+ INTEREST AND EQUIVALENT INCOME	8 183 673 259,96	14 232 531 611,91
- INTEREST AND EQUIVALENT EXPENSES	-8 079 013 211,15	-14 132 830 251,51
+ INCOME FROM LEASING	0,00	0,00
- EXPENSES ON LEASING	0,00	0,00
+ INCOME FROM HIRING	0,00	0,00
- EXPENSES ON HIRING	0,00	0,00
+ REVENUE FROM VARIABLE INCOME SECURITIES	148 603 177,40	281 857 621,95
+ COMMISSIONS (Income)	35 854 737,28	25 437 184,21
- COMMISSIONS (Expenses)	-60 441 143,54	-49 933 175,00
+/- GAINS ON TRADING PORTFOLIOS	13 324 099,09	-18 520 943,23
+/- GAINS ON TRADING AFS SECURITIES AND EQUIVALENT	120 250 653,11	-359 172 713,60
+ OTHER OPERATING INCOME	3 288 654,42	1 519 427,40
- OTHER OPERATING EXPENSES	-26 245 910,64	-2 456 143,91
<u>NET BANKING INCOME</u>	339 294 315,93	-21 567 381,78
- GENERAL OPERATING EXPENSES	-36 479 017,60	-76 640 831,59
- ALLOWANCE FOR DEPRECIATION AND PROVISIONS FOR TANGIBLE AND INTANGIBLE ASSETS	-176 854,22	-176 146,38
<u>GROSS OPERATING PROFIT</u>	302 638 444,11	-98 384 359,75
+/- COST OF RISK	1 223 077,00	-311 172 000,00
<u>OPERATING PROFIT</u>	303 861 521,11	-409 556 359,75
+/- GAINS OR LOSSES ON ASSETS	-78 472 020,79	200 541 394,90
<u>NET PROFIT EXCL. EXTRAORDINARIES BEFORE TAX</u>	225 389 500,32	-209 014 964,85
+/- EXTRAORDINARY PROFIT	-367 747,64	-573 935,36
- CORPORATION TAX	106 072 636,66	79 003 762,46
+/- ALLOWANCE/REVERSAL OF FUND FOR GENERAL BANKING RISK AND REGULATED PROVISIONS	-155 439,00	-23 090,00
<u>NET PROFIT</u>	330 938 950,34	-130 608 227,75

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Accounting principles and methods of valuation

The financial statements of Banque Fédérative du Crédit Mutuel (BFCM) have been drawn up in accordance with general accounting principles and the rules laid down, either by the Comité de la réglementation bancaire et financière (CRBF – Committee for banking and financial regulations), or by the Comité de la réglementation comptable (CRC – Committee for accounting regulations).

The financial statements comply with prudential rules and basic conventions in regard to:

- continuity of operations,
- permanence of methods,
- independence of financial years.

The presentation of the annual financial statements complies with the recommendations of Rule No. 2000/03 of the Comité de la réglementation comptable.

Note No. 1.1 *Valuation of loans and receivables and use of estimates in the preparation of the financial statements*

Loans to and receivables from clients and credit institutions are recorded in the balance sheet at their nominal value or acquisition cost if other than their nominal value.

The liabilities of the customers with respect of the bank and attached receivables, and the bank's own borrowing and attached liabilities (interest accrued or due, to be received or paid) are allocated to the assets or liability lines to which they relate.

The preparation of the financial statements may require assumptions and estimates to be made that affect the determination of income and expenditure items, the assets and liabilities on the balance sheet and numbers shown in the notes to the financial statements. In this event, managers, based on judgment and experience, use the information available on the drafting of the financial statements to make the necessary estimates.

The above applies in cases regarding:

- fair value of financial instruments not listed on an active market;
- pension schemes and other future employment-related benefits;
- valuation of shares in subsidiaries;
- provision for contingencies and liabilities.

Note No. 1.2 *Doubtful debt*

Receivables of all kinds are declassified and recorded as doubtful debt in the following cases:

- in the event of failure to meet due dates for more than nine months in regard to loans to local authorities, for more than six months for home loans, and for more than three months for other loans;
- when the receivable has given rise to court procedures (alert, administration, court appointed receivership, etc.);
- when the receivable presents other risks implying total or partial failure to recover.

The classification as doubtful debt of the amounts due by an individual or legal entity on funding made available to them, requires the transfer of all the engagements in respect of that person or entity to doubtful debt headings in the financial statements.

Doubtful debt is recorded and impaired on an individual basis, receivable by receivable.

Interest on the doubtful debt unpaid and shown in the profit and loss statement is covered by impairment entries for the total amount recorded. Charges made under or writebacks of the impairment entries, losses on irrecoverable debt and recoveries of the interest payable on doubtful and amortized receivables are recorded under the heading "Interest and equivalent" in the profit and loss statement.

Provisions are made for the principal of the loan according to the most likely estimate of the amount of its impairment, in accordance with the general principles of prudence. Calculation of impairment takes into consideration the value of personal guarantees, sureties or other collateral securing the loan.

The provision recorded covers the forecast loss discounted to the present day at the interest rate obtaining at time of granting of loan. Forecast losses are equal to the difference between the initial cashflow on lending and the forecast cashflow from debt recovery. The determination of debt recovery cash streams relies in particular on statistical estimate of average series of recoveries over time as calculated from the date that the loan was classified as doubtful. Writeback of provisions, as a result of the passage of time, is registered as net banking income.

Under regulation CRC no. 2002/03 as amended by regulation CRC no. 2005/03, doubtful debt which has been formally written down or which has been classified for more than one year as doubtful debt is specifically identified in the "compromised doubtful debt" category. The bank has defined internal rules for automatic reclassification, which assume that the debt will be necessarily compromised once it has been classified for more than a year as doubtful debt, unless there is formal proof of the existence and validity of the collateral or other sureties covering all the risks. Accounting for interest on the receivable ceases from the time the debt is classified as "compromised doubtful debt".

Regulation CRC 2002/03 as amended by regulation CRC no. 2005/03 requires specific treatment of a number of restructured items of outstanding debt. When significant, restructured debt is isolated as a specific category. When this occurs, formal renouncements of the principal or interest accruing or accrued, and of future interest variances are immediately recorded as losses and written back as and when the loan is amortized. The number of loans concerned and the amounts at issue are low and the calculation of discounted value would be without significant impact on the financial statements.

Note No. 1.3 *Securities operations*

The balance sheet headings:

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

are the lines recording trading securities, securities held for sale and securities held to maturity, according to their nature.

This classification arises from regulation CRBF no. 90/01 as amended by regulation CRC no. 2000/02, which requires the break-down of securities into classes according to the purpose of their ownership.

Trading securities

This heading refers to securities acquired or sold with the intention of reselling them or repurchasing them in the short term (in principle in less than six months). Such securities are tradable in a liquid market. They are recorded at their acquisition cost and accrued coupon if any included in the purchase price. At the close-out date, trading securities are valued at market prices. The overall balance of gains and losses arising from changes in prices are shown in the profit and loss statement.

Securities held for sale

Securities held for sale are acquired with the intention of holding them for more than six months, for the purpose of drawing revenue directly from their ownership or from capital gains. Their ownership does not, in respect to fixed income securities, require holding them until maturity.

Premiums or discounts recorded at the time of acquisition of fixed income securities are spread over the maturity of the instrument in question, in accordance with the option available under regulation CRBF no. 90/01. At the end of the financial year, unrealized capital losses on securities held for sale, adjusted as the case may be by amortization and reversals of the premiums or discounts mentioned above, give rise to provisions on an individualized basis. No accounting entry is made for capital gains

Securities held to maturity

This heading refers to fixed income securities acquired for the purpose of holding them in principle until maturity, in respect of which there are either sources of finance consistent with the term in question or permanent hedging against interest rate risk. The variance recorded between the acquisition price and the redemption value is spread over the maturity of the security. No provision or impairment entry is made for unrealized capital losses.

Treasury bills, negotiable securities and interbank market instruments in the available-for-sale and held-to-maturity portfolios are recorded at their acquisition price, accrued coupon payable on purchase included. Interest income is calculated at the rate governing the transaction, the premium or discount being amortized by the actuarial method.

Bonds in the available-for-sale and held-to-maturity portfolios are accounted for excluding accrued coupon. Interest income is calculated at the nominal interest rate on securities. When acquired at a price is other than their redemption value, the difference is subject to straight line depreciation and shown as an expense or income as the case may be.

Foreign currency-denominated securities are valued at their exchange rate on the date of close-out or on the last trading day prior to close-out. Valuation differences are shown as losses or gains on financial transactions.

Reclassification of financial assets

In order to harmonize and establish consistency with IFRS standards, the Conseil National de la Comptabilité published Regulation 2008-17 on 10 December 2008 amending regulation 90-01 of the Comité de la Réglementation Bancaire relating to the accounting procedures for securities transactions. This regulation adopts the provisions of Advice 2008-19 of December 8, 2008 relating to transfers of securities from the "trading securities" category to the "securities held for sale" category.

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

- a) in extraordinary market situations requiring a change of strategy
- b) when fixed income securities are no longer, subsequent to their acquisition, tradable in an active market, and if the institution in question has the intention and ability to hold them for the foreseeable future or until maturity.

The date of effect of transfers from the "trading securities" category to the "held for sale" category as abovementioned, cannot take place earlier than July 1, 2008. The effective date must be the same as the date adopted for the drawing up of the consolidated financial statements.

At the time of the accounting closeout of the financial year during which securities were transferred out of the "trading securities" category and out of the "securities held for sale" category, and on each closeout date subsequently until these securities leave the balance sheet, whether by disposal, redemption in full or write-down, the unrealized capital gains or capital losses that would have been accounted for as profit or loss if the trading security had not been reclassified or the unrealized capital loss which would have been booked into the profit and loss statement if the security held for sale had not been reclassified, along with the profit, loss, income and expense accounted for in the profit and loss statement, are shown in the notes to the financial statements.

The effect of these reclassifications made in financial 2009 is detailed in note 2.9.

Temporary disposals of securities

Temporary disposals of securities are used as collateral for loans or treasury borrowings, taking two separate forms, according to the legal procedure adopted, namely:

- Sale with agreement to repurchase,
- Security lending and borrowing.

Sale with agreement to repurchase is a legally recognized transaction under which the title to securities is assigned to a purchaser entering into an irrevocable agreement to sell them back again to the original seller at a price and date agreed when the contract is made. In accounting terms, securities subject to sale and repurchase agreements are kept under their original heading and continue to be valued under the rules which apply to the portfolios to which they are attached. At the same time, the debt arising in consideration of the amount received is recorded as a liability. The receivable entry arising in respect of the securities received under sale and repurchase agreements is recorded on the asset side.

Securities when loaned are considered to be consumer loans governed by the *Code Civil* under which the borrower enters into an irrevocable commitment to restore the securities borrowed on the due date. Such loans are generally guaranteed by the handover of cash, the title to which remains vested in the lender of the securities in the event of borrower default. If this occurs, the transaction is deemed equivalent to a sale with obligation to repurchase, and is recorded in the books as such..

Note n° 1.4 *Options*

Premiums paid or received are recorded in the balance sheet when paid or on settlement. On completion, payments are immediately recorded in the profit and loss statement, if transactions are speculative.

Premiums on options prior to settlement date are valued as of the close-out of the financial year when they are traded in an organized market. Variances are recorded in the profit and loss statement.

Note n° 1.5 *Shareholdings in subsidiaries and affiliates*

Shareholdings in subsidiaries and affiliates are accounted for at historic cost, individualized provisions being made when their inventory value, as assessed in regard to their net worth, and/or in regard to future prospects, falls below their acquisition price.

Note n° 1.6 *Fixed assets*

In accordance with regulation CRC 2002-10, tangible fixed assets are amortized over their serviceable life for the actual period of use of the asset in question, making allowance as the case may be for residual value. If different serviceable lives are allocated to components of an asset, each of those serviceable lives shall give rise to a separate accounting entry and its own line of amortization. Special depreciation may apply under conditions set out by regulations when the fiscally acceptable serviceable life is shorter than the actual serviceable life of the asset or component thereof.

When there are indications of loss of value, such as loss of market value, obsolescence or physical deterioration of an asset, changes in the method of use of the asset, etc., an impairment test maybe performed comparing the book value of the asset to its actual value. If an impairment accounting entry is made, the amortizable value of the asset is modified on a forward basis.

Note n° 1.7 *Foreign currency translation*

Receivables, debts and foreign exchange futures contracts shown in off-balance sheet commitments are translated at such market rates as apply on close-out of the financial year, with the exception of items denominated in the currencies providing the basis for the institution of the single European currency, where the official conversion rate has been adopted.

Tangible assets are shown at historic cost. Financial assets are converted at the rate on close-out (see specific details in previous notes).

Foreign currency income and expenditure items are shown in the profit and loss statement at the foreign exchange parities of the last day of the month of receipt or payment. Expenditures or income accrued but unpaid on the date of year-end close-out are translated at the parity for that date.

Unrealized or definitive foreign currency gains or losses arising from currency translation are recorded for each closure of the books.

Note n° 1.8 *Swaps*

Under Article 2 of CRBF No. 90/15, the bank may set up three distinct portfolios recording the contracts depending on whether their purpose is (a) to maintain open and isolated positions, (b) to hedge the interest rate risk of an isolated or set of isolated homogeneous elements, or (d) to allow for the specialist management of a trading portfolio. There is no so-called (c) portfolio of swap contracts intended to cover the overall interest rate risk.

Given the above, transfers are possible only from one portfolio to another in the following cases:

Portfolio (a) towards portfolio (b)

Portfolio (b) towards portfolios (a) or (d)

Portfolio (d) towards portfolio (b).

The market value adopted for the so-called trading swaps is determined by way of application of the discounted cash flow method with a zero coupon interest rate curve. The fixed rate branch is estimated on the basis of the different due dates discounted in line with the interest rate curve, whereas the current value of the variable rate branch is estimated from the value of the current coupon increased by the nominal value. Market value arises from the comparison of the two discounted values, after allowance for counterparty risk and future management fees. The counterparty risk is calculated in accordance with the provisions of appendix 3 of CRBF regulation no. 91-05 on the capital adequacy ratio, to which a capital coefficient of 8% is applied. Management fees are then determined by increasing the capital sum by 10%.

Additional settlement payments received or paid on the termination of a swap are recorded in the profit and loss statement on a pro-rata temporis basis over the term of the contract. In the event of early termination of the contract, the payment received or paid is immediately recorded in profit and loss, except when the contract originated as part of a hedging operation. The settlement payment is then shown in profit and loss for the term of the initially hedged element.

In order to measure and monitor the risks to which there is exposure as a result of such transactions, the overall sensitivity limits including interest rates and currency swaps are fixed by business area. These positions must be regularly disclosed to the bank's executive organ, in the meaning of Article L 511-13 of the *Code monétaire et financier*.

Note n° 1.9 *Engagements in the field of pensions, retirement and médaille du travail bonuses*

Accounting for and valuing pension commitments and similar is performed in a manner compliant to recommendation no. 2003-R01 of the Conseil National de la comptabilité. The discount rates used are based on those of long term government securities.

Employee pension schemes

The pension schemes are handled by the various institutions to whom the bank and its employees pay regular contributions.

The contributions are accounted for as expenses for the financial year in which they are due.

Furthermore, the employees of Caisse Fédérale du Crédit Mutuel Centre Est Europe benefit from a supplementary pension scheme financed by the employer through two insurance contracts. The first contract is governed by Article 83 CGI providing for a fully funded regime with defined contributions. The second contract is governed by Article 39 CGI with defined additional benefits in tranches B and C. The commitments regarding these schemes are entirely covered by the reserves set up for that purpose. Consequently, no residual commitment arises for the employer.

End of career and indemnities and médaille du travail bonuses

Future end of career indemnities and bonuses payable for *médailles du travail* are entirely covered by insurance contracts underwritten with the Assurances du Crédit Mutuel insurance company. The premiums paid annually take into account the entitlements as at December 31 of each financial year, weighted by employee turnover coefficients and the ratios of post-employment life expectancy of staff.

Commitments are calculated by the method of forward projection of credits consistent with IFRS. Taken into account are mortality according to tale INSEE TF 00-02, the rate of staff turnover, rate of wage inflation, rates of social security contributions in the cases provided for and the rate of discount to present day value.

The liabilities in respect of the accrued rights of employees as at December 31 are wholly covered by reserves set up with insurance companies. The end of career indemnities and *médaille du travail* bonus entitlements due and paid to employees in the course of the year are reimbursed by the insurance company.

The law of August 21, 2003 on retirement benefits has changed the terms and conditions of retirement. Pensioning off employees at the initiative of the company is, since January 1, 2010, possible only at age 70 or older, except if the employee has been consulted and is agreeable to departure after his or her 65th birthday. These modifications will not have significant effect on the calculation of end of career indemnities, which are determined on the basis of the retirement indemnity fixed by the relevant collective agreements when retirement is elected by the employee, and not based on the indemnity due if an employee is required to retire by the employer.

Note n° 1.10 *Fund for general banking contingencies*

Set up under regulation CRBF no. 90/02 in regard to bank capital, this fund is in the amount allocated by the bank at its discretion to general banking risks, including the overall exposure to counterparty and interest rate risks.

The amount allocated to this fund is €61.6 million and there were no movements of funds under this heading in the financial year.

Note 1.11 *Provisions*

Provisions on asset items are deducted from the corresponding receivables, which are shown in their net amount. Provisions relating to off-balance sheet commitments are recorded as provisions for risks.

BFCM may be party to a number of legal disputes, the possible outcomes and financial consequences of which are kept under regular review. Wherever necessary, provisions are made in the amounts acknowledged to be necessary.

Note 1.12 *Corporation tax*

The Banque Fédérative du Crédit Mutuel is the lead company of a fiscally integrated group including a number of its subsidiaries. It is the sole entity liable to pay corporation tax, additional contributions in regard to corporation tax, and the *précompte mobilier* for the whole. The subsidiaries make a contribution to the tax liabilities, as they would were there no tax consolidation. In the event that the subsidiaries were to leave the consolidation, they would benefit by convention from a compensatory payment in the amount of the additional taxation that might have arisen as a result of their belonging to a consolidated group.

The "Corporation tax" heading includes:

- Corporation tax due in respect of the financial year and the gains arising from tax consolidation, increased by additional contributions;
- Allowances for and reversals of provisions for contingencies in regard to the above.

The corporation tax due for the financial year and the additional contributions are determined by the applicable tax regulations. The tax credits attached to the revenues from securities are not accounted for. They are directly deducted from the tax liability.

Provisions for taxation are calculated by the liability method of tax allocation, including additional contributions as required by the relevant due dates. No offsetting or cross settlement is made in respect of amounts receivable (if any) from the Trésor (French national exchequer).

Provision for deferred taxation on the future earnings of some GIE corporate groupings

A special provision for deferred taxation has been made in order to offset the effect of tax loss carry forwards in regard to some GIE corporate groupings. This provision for contingencies is subsequently written back as and when tax becomes chargeable at a later date on the earnings of the GIEs.

Provisions for tax on lease and buyback contracts

These provisions relate to the future tax expense pursuant to Article 239 section 6 of the Code Général des Impôts in regard to lease and buyback contracts in the real estate field.

Tax reassessments in respect of corporation tax due for financial years 2001 to 2004 have been notified to BFCM. Some of the grounds of such reassessments are disputed; provision has been made for the potential liability arising thereby on the liabilities side of the balance sheet.

Note n° 1.13 *Consolidation*

The company is wholly consolidated within the scope of consolidation of the Crédit Mutuel Centre Est Europe.

Note n° 1.14 *Operating from locations in States or territories which are un-cooperative in the matter of combating fraud or tax evasion.*

The bank does not have locations from which it directly or indirectly runs operations in States or territories referred to by Article L511-45 of the Code monétaire et financier and shown in the list set out in the government decision of February 12, 2010.

2. NOTES TO BALANCE SHEET

The figures in the tables below are in units of thousands of euros

2.0 Changes in asset values

	Gross value as at Dec 31, 08	Aquisitions	Disposals	Transfers or Redemptions	Gross value as at Dec 31, 09
FINANCIAL ASSETS	21 624 765	5 356 308	30 937	(4 819 783)	22 130 353
TANGIBLE ASSETS	8 511	16			8 527
INTANGIBLE ASSETS	3 000				3 000
TOTAL	21 636 276	5 356 324	30 937	(4 819 783)	22 141 880

2.1 Depreciation and provisions on assets

DEPRECIATION

	Depreciation as at Dec 31, 08	Allowance	Reversal	Depreciation as at Dec 31, 09
FINANCIAL ASSETS	0			0
TANGIBLE ASSETS	1 243	178		1 421
INTANGIBLE ASSETS	0			0
TOTAL	1 243	178	0	1 421

PROVISIONS

	Provisions as at Dec 31, 08	Allowance	Reversal	Provisions as at Dec 31, 09
FINANCIAL ASSETS	12 082	11 114	2 746	20 450
TANGIBLE ASSETS	0			0
INTANGIBLE ASSETS	0			0
TOTAL	12 082	11 114	2 746	20 450

2.2 Breakdown of receivables and debt by residual maturity

ASSETS

	Equal to or less than three months	From three months to one year	From one to five years	More than five years and indeterminate	Interest accrued and due	TOTAL
LOANS TO CREDIT INSTITUTIONS						
Redeemable on demand	2 591				4	2 591 407
Redeemable at term	13 666 808	10 324 159	83 364 414	25 043 780	257 247	132 656 408
LOANS TO CUSTOMERS						
Commercial loans	423 059					423 059
Other loans to customers	2 652 827	462 835	3 054 722	1 859 036	41 251	8 070 671
Current account overdrafts	200 600					200 600
	1 371 875					
BONDS AND OTHER FIXED INCOME SECURITIES including trading securities	3 558 853	1 892 830	13 673 202	4 475 519	116 708	21 530 134 0
TOTALS	20 906 572	12 679 824	100 092 338	31 378 335	415 210	165 472 279

Non-performing loans are considered as being redeemable in more than five years

LIABILITIES

	Equal or less than three months	From three months to one year	From one to five years	More than five years and indeterminate	Interest accrued and due	TOTAL
BORROWING FROM CREDIT INSTITUTIONS						
Redeemable on demand	8 814 579				34	8 814 613
Redeemable at term	12 151 569	11 648 625	62 381 971	1 311 740	186 377	87 680 282
CUSTOMER CREDIT ACCOUNTS						
Special savings accounts						
Demand						0
Redeemable at term						0
Other debts						
Redeemable on demand	4 072 791					4 072 791
Redeemable at term	1 056 590	2 136 851	10 699 820	1 000 000	118 215	15 011 476
SECURITIZED DEBT PAYABLES						
Short term borrowing						0
Interbank market securities and negotiable securities	17 368 729	2 769 509	1 332 910	3 227 046	98 431	24 796 625
Bonds	670 995	6 259 843	10 180 156	6 515 279	212 036	23 838 309
SUBORDINATED LOANS			750 000	6 450 000	64 071	7 264 071
TOTAL	44 135 253	22 814 828	85 344 857	18 504 065	679 164	171 478 167

2.3 Breakdown of loans

Loans to the Credit Institutions	2 009		2 008
Redeemable on demand	2 591 407	496 140	2 095 267
Redeemable at term	132 656 408	(11 447 024)	144 103 432
Including doubtful debt	287 538	0	287 538
(Impairment Losses)	(258 800)	0	(258 800)

The impairment Losses recorded 31-12-2009 are exclusively related to the bankruptcy of Lehman Brothers

2.4 Breakdown of loans to customers

	2009		
	Growth loans	Doubtful loans	Provisions
Excluding attached receivables of € 38 926 000 on gross loans			
Breakdown by major type of counterparty			
Companies and business organisations	8 632 179	299	299
Individual entrepreneurs			
Individuals	10		
Public administrations	12 667		
Private administrations	8 224		
Total	8 653 080	299	299
Breakdown by activity sector			
Agriculture and mining industries	4 888		
Retail and wholesale trade	319 134		
Industries	49 694		
Services to companies and holding companies	1 229 836	299	299
Services to individuals	86 681		
Financial services	6 637 450		
Real estate services	29 220		
Transport and communication	251 413		
Undifferentiated and other	44 764		
Total	8 653 080	299	299
Breakdown by geographical sector			
France	3 521 445	299	299
Europe outside France	5 075 598		
Other countries	56 037		
Total	8 653 080	299	299
Doubtful loans include no loans covered by arrangements with creditors			

2.5 Engagements with respect to shareholdings and wholly consolidated subsidiaries

ASSETS

	Amount 2009	Amount 2008
LOANS TO CREDIT INSTITUTIONS		
Redeemable on demand	1 726 435	704 471
Redeemable at term	41 916 304	55 442 023
LOANS TO CUSTOMERS		
Loans to customers		
Other loans to customers	5 436 619	5 069 420
Customer overdrafts	36 282	
BONDS AND OTHER FIXED INCOME SECURITIES	14 349 696	11 468 152
SUBORDINATED LOANS	2 314 552	2 321 597
TOTAL	65 779 888	75 005 663

LIABILITIES

	Amount 2009	Amount 2008
LOANS FROM CREDIT INSTITUTIONS		
Redeemable on demand	5 241 774	7 535 851
Redeemable at term	21 627 245	27 409 327
CUSTOMER CREDIT ACCOUNTS		
Special savings accounts		
Redeemable on demand		
Redeemable at term		
Other debts		
Redeemable on demand	323 062	236 018
Redeemable at term	3 240 521	
SECURITIZED DEBT PAYABLES		
Short term borrowing		
Interbank market securities and negotiable securities	397 144	2 000 000
Bonds	1 674 913	496 049
Other securitized debt payables		
SUBORDINATED DEBT	1 786 926	1 613 396
TOTAL	34 291 585	39 290 641

This table includes commitments received and given in respect of shareholdings and wholly consolidated subsidiaries within the consolidated group "Crédit Mutuel Centre Est Europe"

2.6 Breakdown of subordinated assets

	2009		2008	
	Subordinated loans	Of which equity loans	Subordinated loans	Of which equity loans
LOANS TO CREDIT INSTITUTIONS				
Term	1 317 405	12 450	1 331 114	17 623
Indeterminate	291 000		291 000	
LOANS TO CUSTOMERS				
other customer finance	700 000		700 000	
BONDS AND OTHER FIXED INCOME SECURITIES	1 419 667	101 891	1 454 085	121 450
TOTAL	3 728 072	114 341	3 776 199	139 073

2.7 Subordinated debt

	Borr. TSR 1	Borr. TSR 2	Borr. TSR 3	Borr. TSR 4	Borr. TSR 5	Borr. TSR 6
Amount	50 000	700 000	800 000	300 000	300 000	500 000
Due date	June 29, 2011	July 19, 2013	September 30, 2015	December 18, 2015	June 16, 2016	December 16, 2016
	Borr. TSR 7	Borr. TSR 8	Borr. TSS			
Amount	1 000 000	1 250 000	2 300 000			
Due date	December 19, 2016	indeterminate	indeterminate			
Terms and conditions	Borrowings and subordinated loans are of lower ranking than the receivables from all other creditors, except equity loans. The super subordinated securities are of the lowest rank, as they are expressly subordinated to all other debt of the company, be it unsecured or subordinate					
Possibility of early redemption	No possibility early redemption in the first five years except if concomitant to increase in capital. Disallowed for TSR borrowing, except in the event of stockmarket acquisition, takeover bid or exchange offer. Restricted rights of early redemption for super subordinated securities, as deemed equivalent to core capital.					

The amount of subordinated debt was € 8,307,053,000 (attached debt included).

2.8 Securities portfolio: breakdown between portfolios of trading securities, securities held for sale and held to maturity

	Trading Portfolio	Portfolio held for sale	Portfolio held to maturity	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT		213 299	51 004	264 303
BONDS AND OTHER FIXED INCOME SECURITIES		6 387 866	15 142 268	21 530 134
EQUITIES AND OTHER VARIABLE INCOME SECURITIES		256 608		256 608
TOTAL	0	6 857 773	15 193 272	22 051 045

2.9 Securities portfolio: securities transferred from one portfolio to another

	Trading Portfolio	Portfolio held for sale	Portfolio held to maturity
INVESTMENT PORTFOLIO	1 318 640	43 974	70 302
TOTAL	1 318 640	43 974	70 302

Having regard to Regulation 90-01 of the Banking Regulation Committee relating to the accounting treatment of trading in securities as amended by regulation CRC No. 2008-17 of December 10, 2008 relating to transfers of securities out of the category "Trading securities" and out of the category "securities", BFCM has no made reclassification on 31-12-2009.

2.10 Securities portfolio: difference between acquisition and redemption price of securities held for sale and securities held to maturity

NATURE OF SECURITIES	DISCOUNTS/PREMIUMS NET UNAMORTIZED	
	Discount	Premium
SECURITIES HELD FOR TRADING		
Bond market	20 789	27 364
Money market	16	39
SECURITIES HELD TO MATURITY		
Bond market	10 994	170
Money market		15

2.11 Securities portfolios: unrealized capital gains and losses

Unrealized capital gains on securities held for sale	129 451
Unrealized capital losses on securities held for sale (for which provisions made)	194 810
Unrealized capital losses on securities held to maturity	215 046
Unrealized capital gains on securities held to maturity	42 108

2.12 Security portfolios: receivables from securities on loan

	2009	2008
GOVERNMENT SECURITIES AND EQUIVALENT	0	0
BONDS AND OTHER FIXED INCOME SECURITIES	0	0
EQUITIES AND OTHER VARIABLE INCOME SECURITIES	0	0

2.13 **Securities portfolio: receivables and debts on securities on loan with agreement to repurchase**

	Receivables on securities loaned with agreement to repurchase	Liabilities on securities loaned with agreement to repurchase
LOANS TO CREDIT INSTITUTIONS		
Redeemable on demand		
Redeemable at term		
LOANS TO CUSTOMERS		
Other customer finance		
LOANS FROM CREDIT INSTITUTIONS		
Redeemable on demand		
Redeemable at term		
CUSTOMER CREDIT ACCOUNTS		
Other debt		
Redeemable on demand		
Redeemable at term		
TOTAL		

2.14 **Portfolio of securities: breakdown of bonds and other fixed income securities by issuer**

	Issuer		Attached receivables	TOTAL
	Public organizations	Others		
GOVERNMENT SECURITIES, BONDS AND OTHER FIXED INCOM	21 250 145	420 997	123 295	21 794 437

2.15 **Securities portfolio: breakdown by market listing**

	Listed securities	Unlisted securities	Attached receivables	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	257 213	500	6 590	264 303
BONDS AND OTHER FIXED INCOME SECURITIES	18 289 519	3 123 910	116 705	21 530 134
EQUITIES AND OTHER VARIABLE INCOME SECURITIES	239 915	16 693		256 608
TOTAL	18 786 647	3 141 103	123 295	22 051 045

2.16 Securities portfolio : information on OPCVM / UCITS

	Number of units in French OPCVMs	Number of units in foreign OPCVM mutual funds	TOTAL
VARIABLE INCOME SECURITIES. OPCVM / UCITS		45 047	45 047

	Capital build up of OPCVM / UCITS	Units in revenue- yielding UCITS	TOTAL
VARIABLE INCOME SECURITIES. OPCVM / UCITS	45 047		45 047

2.17 Securities portfolio: shareholdings and shares in affiliated companies owned by credit institutions

	Assets owned in credit institutions in 2009	Assets owned in credit institutions in 2008
SHAREHOLDINGS AND PORTFOLIO ACTIVITIES	884 850	701 453
SHARES IN AFFILIATED COMPANIES	3 292 119	3 273 112
TOTAL	4 176 969	3 974 565

2.18 Securities portfolio: information on trading portfolio

The value of shares in the trading portfolio as at Dec 31, 2009 was € 3,577,000

2.19 Companies with unlimited liability in which the institution has an interest

Name of company	Headquarters	Legal form
REMA	STRASBOURG	SNC / partnership
CM-CIC FONCIERE	STRASBOURG	SNC / partnership
FRANCE FORETS II	NANTERRE	Société Civile de Participations
STÉ CIVILE GESTION DES PARTS DANS L'ALSACI	STRASBOURG	Société Civile de Participations
SPRING RAIN	PARIS	Economic Interest Grouping
VENTADOUR BAIL III Te	STRASBOURG	Economic Interest Grouping
VULCAIN ENERGIE	PARIS	Economic Interest Grouping

2.20 Breakdown of reserves

	2009	2008
LEGAL RESERVE	107 795	107 795
RESERVES SET UP BY COMPANY BY-LAW AND CONTRACT	891 466	891 466
REGULATED RESERVES		
OTHER RESERVES	9 495	9 495
TOTAL	1 008 756	1 008 756

2.21 Establishment fees, expenditure on research and development and stock in trade

	2009	2008
ESTABLISHMENT EXPENSES		
Constitution expenses		
Initial establishment expenses		
Capital increase and other expenses		
RESEARCH AND DEVELOPMENT EXPENSES		
STOCK IN TRADE	3 000	3 000
TOTAL	3 000	3 000

2.22 Borrowing eligible for refinance by Central Bank

On December 31, 2009, loans to customers eligible for refinance by Central Bank amounted to € 89,448,000

2.23 **Accrued interest receivable or payable**

	Accrued interest receivable	Accrued interest payable
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ASSETS

CASH, CASH EQUIVALENT, CENTRAL BANKS

GOVERNMENT SECURITIES AND EQUIVALENT 6 590

LOANS TO CREDIT INSTITUTIONS

Redeemable on demand 4

Redeemable at term 257 247

CUSTOMER LOANS

Commercial lending

Other lending to customers 41 251

Current account overdrafts

BONDS AND OTHER FIXED INCOME SECURITIES 116 708

SHARES AND OTHER VARIABLE INCOME SECURITIES

SHAREHOLDINGS AND PORTFOLIO ACTIVITIES

SHARES IN RELATED COMPANIES

LIABILITIES

CASH, CASH EQUIVALENT, CENTRAL BANKS

DUE FROM CREDIT INSTITUTIONS

Redeemable on demand 34

Redeemable at term 186 377

CUSTOMER CREDIT ACCOUNTS

Special savings accounts

Redeemable on demand

Redeemable at term

Other debts

Redeemable on demand

Redeemable at term 118 215

SECURITIZED DEBT PAYABLES

Short term borrowing

Interbank market securities and negotiable securities 98 431

Bond borrowing 212 036

Other securitized debt payables

SUBORDINATED DEBT 64 071

TOTAL	421 800	679 164
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2.24 **Other assets and other liabilities**
OTHER ASSETS

	2009	2008
CONDITIONAL INSTRUMENTS PURCHASED	5 007	6 634
SETTLEMENT ACCOUNTS FOR SECURITIES TRANSACTIONS	90 049	112 916
OTHER DEBTORS	2 598 965	1 305 719
HOLDINGS IN GOLD AND PRECIOUS METALS	35 071	39 758
OTHER INVENTORY AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	2 729 092	1 465 027

OTHER LIABILITIES

	Montant 2009	Montant 2008
OTHER SECURITIES AND LIABILITIES		
CONDITIONAL INSTRUMENTS SOLD	5 180	7 956
DEBTS ON TRADING SECURITIES		3 143 374
<i>including debts on the securities borrowed</i>		<i>3 143 374</i>
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	75 843	82 959
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP		
OTHER CREDITORS	1 046 962	384 257
TOTAL	1 127 985	3 618 546

2.25 **Regularisation accounts**
ASSETS

	Montant 2009	Montant 2008
HEADQUARTERS AND BRANCH / NETWORK		
CASH ACCOUNTS		4 775
ADJUSTMENT ACCOUNTS	23 629	30 994
VARIANCE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS		
OF OPEN FUTURES FINANCIAL INSTRUMENTS		
LOSSES ASSIGNED TO HEDGING CONTRACTS		
FOR CLOSED FUTURES FINANCIAL INSTRUMENTS	10 580	13 670
DEFERRED EXPENSES	241 931	120 751
DEFERRED CHARGES	7 007	74 697
ACCRUED ASSETS	684 144	1 333 736
OTHER REGULARIZATION ACCOUNTS	33 292	66 601
TOTAL	1 000 583	1 645 224

LIABILITIES

	2009	2008
HEADQUARTERS AND BRANCH / NETWORK		
ENCASHMENT ACCOUNTS	2 819	
ADJUSTMENT ACCOUNTS	603 780	739 151
VARIANCE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS		
OF OPEN FUTURES FINANCIAL INSTRUMENTS		
LOSSES ASSIGNED TO HEDGING CONTRACTS		
OF FOR CLOSED FUTURES FINANCIAL INSTRUMENTS	177 485	51 454
DEFERRED REVENUE	13 868	15 550
ACCRUED LIABILITY	925 735	1 604 832
OTHER REGULARIZATION ACCOUNTS	403 023	483 658
TOTAL	2 126 710	2 894 645

2.26 Unamortized balance of the difference between value initially received and redemption price of securitized debt payables

	2009	2008
ISSUANCE PREMIUM ON FIXED INCOME SECURITIES	99 441	106 244
REDEMPTION PREMIUMS ON FIXED INCOME SECURITIES	6 404	7 054
TOTAL	105 845	113 298

2.27 Provisions for contingencies and liabilities

	2009		Montant 2008	
PROVISIONS FOR SWAPS	40 216		10 469	50 685 < 1 year
PROVISIONS FOR TAXATION	3 606	8 710	8 258	3 154 < 1 year
PROVISIONS for fee has pay			24 000	24 000
PROVISIONS FOR SPECIAL REGIMES	2 535		97	2 632 > 3 years
PROVISIONS FOR WARRANTY ENGAGEMENT	7 372			7 372 > 3 years
OTHER PROVISIONS	367	367	5 403	5 403 < 1 year
	54 096	9 077	48 227	93 246

2.28 Counter value in euros of foreign currency denominated assets and liabilities outside euro zone

ASSETS

	Montant 2009	Montant 2008
CASH, CASH EQUIVALENT, CENTRAL BANKS, GOVERNMENT SECURITIES AND EQUIVALENT DUE FROM CREDIT INSTITUTIONS	7 377 954	5 282 606
CUSTOMER LOANS	309 655	372 613
BONDS AND OTHER FIXED INCOME SECURITIES	17 155	24 370
EQUITIES AND OTHER VARIABLE INCOME SECURITIES	28 818	19 977
PROPERTY DEVELOPMENT SUBORDINATED LOANS		
SHAREHOLDINGS AND PORTFOLIO TRADING	849 121	675 046
SHARES IN AFFILIATED COMPANIES	350	
INTANGIBLE ASSETS TANGIBLE ASSETS		
OTHER ASSETS	180	138
REGULARIZATION ACCOUNTS	119 097	137 164
TOTAL FOREIGN CURRENCY DENOMINATED ACTIVITY	8 702 330	6 511 914
Percentage total assets	4,89%	3,36%

LIABILITIES

	Montant 2009	Montant 2008
CASH, CASH EQUIVALENT, CENTRAL BANKS DUE TO CREDIT INSTITUTIONS	4 787 439	4 329 656
CUSTOMER CREDIT ACCOUNTS	4 709 417	604 901
SECURITIZED DEBT PAYABLES	10 569 014	9 130 299
OTHER LIABILITIES	488	554
REGULARIZATION ACCOUNTS	136 470	61 377
PROVISIONS FOR CONTINGENCIES AND LIABILITIES	394	639
SUBORDINATED LOANS		
TOTAL FOREIGN CURRENCY DENOMINATED ACTIVITY	20 203 222	14 127 426
Percentage total liabilities	11,35%	7,30%

3. NOTES TO OFF BALANCE SHEET

3.1 Assets pledged as collateral for commitments

	2009	2008
SECURITIES ASSIGNED AS OPERATIONAL COLLATERAL IN FUTURES MARKETS	0	0
OTHER SECURITIES ASSIGNED AS COLLATERAL	28 105 970	22 669 093
TOTAL	28 105 970	22 669 093

CM-CIC COVERED Bonds (CM-CIC CB) is a 99.99% subsidiary of BFCM whose purpose is to issue securities secured by bonds and equivalent distributed by Crédit Mutuel and CIC networks, on the exclusive behalf of the parent company. Under the contractual provisions related to these transaction, BFCM could be required to convey assets as surety for issuances made by CM-CIC CB under certain conditions, were they to arise (such as the deterioration of the credit rating below a certain level, or scale of mortgage lending). On December 31, 2009, this mechanism had not been called upon.

3.2 Assets received as collateral

	2009	2008
SECURITIES RECEIVED AS COLLATERAL FOR FUTURES OPERATIONS		
OTHER SECURITIES RECEIVED AS COLLATERAL	2 254 093	523 382
TOTAL	2 254 093	523 382

The bank refinances itself through the Caisse de Refinancement de l'Habitat (Residential Accommodation Refinance Organisation) by the issuance of promissory notes providing backing for its lending as provide for in article L313-42 of the Code Monétaire et financier i the total amount of €4,221,000 as at December 31, 2009. The mortgages providing the asset backing for these promissory notes are set up by Groupe de Crédit Mutuel of which BFCM is a subsidiary, in the amount of €6,254,630,000 as of that date.

3.3 Foreign currency futures transactions open as of the date of closure.

	Amount 2009		Amount 2008	
	as against		as against	
FOREX FUTURES TRANSACTIONS				
Euros receivable against foreign currencies deliverable	2 439 932	2 377 874	3 056 526	2 987 979
<i>of which foreign currency SWAPS</i>	580 091	513 478	603 519	551 126
Foreign currencies receivable against Euros deliverable	14 963 115	15 567 462	11 516 211	12 134 875
<i>of which foreign currency SWAPS</i>	7 362 259	8 137 456	4 256 752	4 590 640
Foreign currencies receivable against Euros deliverable	7 396 905	7 426 991	4 922 191	5 081 887
<i>of which foreign currency SWAPS</i>			2 156	2 024

3.4 Other futures transactions open as of the date of close-out

	2009	2008
TRANSACTIONS IN ORGANISED MARKETS AND EQUIVALENTS INVOLVING INTEREST RATES INSTRUMENTS		
Firm hedging operations		
<i>of which FUTURE contracts Sales</i>		
<i>of which Future contracts PURCHASES</i>		
Conditional hedging operations		
Other firm transactions		
<i>of which Sale of FUTURE contracts</i>		
TRANSACTIONS PERFORMED ON OVER THE COUNTER BASIS ON INTEREST RATE INSTRUMENTS		
Firm hedging operations	151 941 467	170 436 845
<i>of which interest rates SWAPS</i>	146 945 064	168 101 364
<i>foreign currency interest rate SWAPS</i>	4 996 403	2 335 481
<i>FRA Purchase</i>		
<i>FRA Sales</i>		
Conditional hedging operations		4 578 502
<i>of which SWAP OPTION Purchase</i>		46 189
<i>SWAP OPTION Sale</i>		46 189
<i>of which CAP/FLOOR Purchase</i>		2 241 067
<i>of which CAP/FLOOR sales</i>		2 245 057
Other firm transactions	675 835	229 690
<i>of which interest rate SWAPS</i>	675 835	229 690
<i>Forex interest rate SWAPS</i>		
Other conditional transactions		
TRANSACTIONS PERFORMED ON OVER THE COUNTER BASIS ON FORWARD FINANCIAL INSTRUMENTS		
Conditional hedging operations	485 286	227 190
<i>including Currency Call Option</i>	242 643	113 595
<i>Currency Put Option</i>	242 643	113 595
TRANSACTIONS PERFORMED ON OVER THE COUNTER BASIS ON INSTRUMENTS OTHER THAN INTEREST RATE INSTRUMENTS AND FOREX INSTRUMENTS		
Forward Hedging Transaction	47 722	
<i>including Call Option on Non Deliverable Forwards</i>	23 867	
<i>Put Option on Non Deliverable F wards</i>	23 855	
Conditional hedging operations	7 154	7 154
<i>including Call Option</i>	3 577	3 577
<i>Put Option</i>	3 577	3 577

3.5 Breakdown of open futures transactions as per residual term

	2009			2008		
	Less than one year	From 1 year to 5 years	More than 5 years	Less than one year	From 1 year to 5 years	More than 5 years
FOREIGN CURRENCY TRANSACTIONS	19 807 055	5 565 271	0	15 983	3 969 609	251 491
TRANSACTIONS IN ORGANISED INTEREST RATE MARKETS						
Firm transactions						
of which FUTURES Sale contracts						
of which FUTURES Purchase contracts						
Other firm transactions						
of which FUTURES Sales contracts						
TRANSACTIONS PERFORMED ON OVER THE COUNTER BASIS ON INTEREST RATE INSTRUMENTS						
Firm transactions	99 542 578	36 211 216	16 863 508	112 401 650	32 138 313	26 126 573
of which SWAPS	99 542 578	36 211 216	16 863 508	112 401 650	32 138 313	26 126 573
FRA Purchase						
FRA Sales						
Conditional hedging operations				1 503 793	2 641 907	432 802
of which SWAP OPTION Purchase				46 189		
SWAP OPTION Sale				46 189		
of which CAP/FLOOR Purchase				703 551	1 321 115	216 401
CAP/FLOOR Sale				707 864	1 320 792	216 401
Other conditional transactions						
OVER THE COUNTER TRANSACTIONS ON FOREX INSTRUMENTS						
Conditional hedging operations	485 286			222 118	5 072	
	242 643			111 059	2 536	
	242 643			111 059	2 536	
TRANSACTION PERFORMED ON OVER THE COUNTER TRANSACTIONS ON OT HOR FORWARD FINANCIAL INSTRUMENTS						
	47 722					
including Currency Call Option	23 867					
Currency Put Option	23 855					
Conditional transactions		7 154			7 154	
Put Option		3 577			3 577	
Put Option		3 577			3 577	

3.6 Commitments in respect of shareholdings and wholly consolidated subsidiaries

Commitments given

	2009	2008
Finance commitments		
Sureties	9 232 431	3 810 649
Foreign currency transaction commitment:	2 911 185	1 695 682
Financial futures commitments	13 338 838	10 275 243
TOTAL	25 482 454	15 781 574

Commitments received

	2009	2008
Finance commitments		
Sureties	14 098	203 713
Futures commitments:	2 824 151	1 512 193
Futures financial instruments commitments		151 009
TOTAL	2 838 249	1 866 915

This table includes all the commitments received and given in regard to shareholdings and wholly consolidated subsidiaries in the Cr dit A Centre Est Europe consolidation

3.7 Fair value of derivative instruments

	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Interest rate risks - including hedging accounting (macro-micro)				
Conditional or optional instruments	3		21 631	
Firm instruments other than swaps				
Embedded derivatives	110 967	90 065	480 606	32 826
Swaps	1 152 862	1 980 842	1 116 424	2 069 862
Interest rate risk - excluding hedging accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	103	91	115	296
Interest rate risk				
Conditional or optional instruments	3 949	3 949	3 518	3 518
Firm instruments other than swaps	6 862	8 227	7 953	29 398
Swaps	252 548	121 667	198 882	625 280

This note is drafted by application of regulation CRC no. 2004-14 to 2004-19 relating to information to be supplied on the fair value of financial instruments. The fair value of derivative instruments is determined by market value, or failing this by market models.

4. NOTES TO PROFIT AND LOSS STATEMENT

4.1 Income and expenses

	Income 2009	Income 2008
INCOME FROM OPERATIONS WITH CREDIT INSTITUTIONS	7 235 143	13 323 161
INCOME FROM OPERATIONS WITH CUSTOMERS	218 685	215 108
INCOME FROM BONDS OR OTHER FIXED INTEREST SECURITIES	585 176	599 150
INCOME FROM SUBORDINATED LOANS	113 650	84 562
OTHER INTEREST AND EQUIVALENT INCOME	31 019	10 551
REVERSALS / PROVISIONS ON INTEREST ON DOUBTFUL DEBT		
REVERSAL / PROVISIONS ON INTEREST AND EQUIVALENT INCOME		
TOTAL	8 183 673	14 232 532

	Expenses 2009	Expenses 2008
EXPENSES ON OPERATIONS WITH CREDIT INSTITUTIONS	6 142 348	10 880 625
EXPENSES ON TRANSACTIONS WITH CUSTOMERS CHARGES SUR TRANSACTIONS AVEC LA CI	313 735	165 369
EXPENSES ON BONDS AND OTHER FIXED INCOME SECURITIES	1 208 363	2 752 938
EXPENSES ON SUBORDINATED LOANS	410 638	329 283
OTHER INTEREST AND EQUIVALENT EXPENSES	3 929	4 615
REVERSALS / PROVISIONS ON INTEREST ON DOUBTFUL DEBT		
REVERSAL / PROVISIONS ON INTEREST AND EQUIVALENT EXPENSE		
TOTAL	8 079 013	11 235 702

4.2 Breakdown of income from variable income securities

	2009	2008
INCOME FROM OTHER VARIABLE INCOME SECURITIES FOR RESALE	4 962	4 829
INCOME FROM SHAREHOLDINGS AND AFFILIATES	143 641	277 029
INCOME FROM SECURITIES HELD IN PORTFOLIO		
TOTAL	148 603	281 858

4.3 Commissions

	Income 2009	Income 2008
COMMISSIONS ON TRANSACTIONS WITH CREDIT INSTITUTIONS	268	319
COMMISSIONS ON TRANSACTIONS WITH CUSTOMERS	4 983	4 409
COMMISSIONS SECURITIES TRANSACTIONS	200	277
COMMISSIONS ON FOREIGN EXCHANGE TRANSACTIONS	3	3
COMMISSIONS ON FINANCIAL SERVICES	15 189	18 343
COMMISSIONS ON OFF BALANCE SHEET TRANSACTIONS	168	202
OTHER OPERATING COMMISSIONS	1 044	1 884
REVERSAL OF PROVISIONS ON COMMISSIONS	14 000	
TOTAL	35 855	25 437

	Expenses 2009	Expenses 2008
COMMISSIONS ON TRANSACTIONS WITH CREDIT INSTITUTIONS	984	1 178
COMMISSIONS ON TRANSACTIONS WITH CUSTOMERS		
COMMISSIONS SECURITIES TRANSACTIONS	34 497	19 477
COMMISSIONS ON FOREIGN EXCHANGE TRANSACTIONS	1 287	1 634
COMMISSIONS ON FINANCIAL SERVICES	7 395	11 458
COMMISSIONS ON OFF BALANCE SHEET TRANSACTIONS	15 175	7 309
OTHER OPERATING COMMISSIONS	1 103	8 877
REVERSAL OF PROVISIONS ON COMMISSIONS		
TOTAL	60 441	57 947

4.4 Gains or losses on trading portfolio

	2009	2008
SECURITIES HELD FOR RESALE	2 559	(9)
FOREX	299	22 297
FINANCIAL FUTURES INSTRUMENTS	10 466	229
NET ALLOWANCE/REVERSAL OF PROVISIONS		(41 038)
TOTAL	13 324	(18 521)

4.5 Gains or losses on portfolio of securities held for resale and equivalent

	2009	2008
ACQUISITION EXPENSE ON SECURITIES HELD FOR RESALE	(120)	(226)
NET CAPITAL GAINS OR LOSSES ON DISPOSALS	(25 238)	(57 238)
NET ALLOWANCES OR REVERSALS OF PROVISIONS	145 609	(301 709)
TOTAL	120 251	(359 173)

4.6 Others incomes or operating charge

	2009	2008
OTHERS OPERATING INCOME	26 246	1 519
OTHERS OPERATING CHARGES	(3 289)	(2 456)

4.7 General operating expenses

	2009	2008
SALARIES AND EMOLUMENTS	4 736	5 624
POST-EMPLOYMENT EXPENSES	579	642
OTHER SOCIAL CHARGES AND EMPLOYMENT BENEFITS	1 336	1 428
EMPLOYEE PROFIT SHARE AND INCENTIVES	413	108
TAXES AND SIMILAR LEVIES ON COMPENSATION	793	990
OTHER TAXES	9 533	12 112
EXTERNAL SERVICES	34 885	37 949
REVERSALS / PROVISIONS FOR GENERAL OPERATING EXPENSES	(10 097)	23 981
REINVOICED EXPENSES	(5 699)	(6 193)

TOTAL	36 479	76 641
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Under regulation CRBF 91-01, Article 3 6 and Annexe IV.4, the overall sums paid out in consideration of direct and indirect compensation in 2009 were €5 410 214,06 as against €5 827 790 32 in 2008. No attendance fees were paid. There were no pension commitments.

"Entitlements accruing at the end of the financial year in respect of the individual right to training known as DIF, provided for by Article L933-1 à L933-6 of the French Code of Labour amounted to 2,351 hours".

of November 30, 2008 relating to the auditors, the fees paid under the statutory audit totaled

Thus disbursed for advice and services falling within the DOF (Directly related audit) amounted to 1 257 733,38

Thus disbursed for advice and services falling within the DOF (Directly related audit) amounted to 1 257 733,38.

4.8 Cost of risk

	2009	2008
PROVISIONS RELATED TO RECEIVABLES		(311 172)
REVERSAL OF PROVISIONS RELATED TO RECEIVABLES	(1 223)	
TOTAL	(1 223)	(311 172)

4.9 **Gains/Losses on fixed assets**

	2009	2008
GAINS OR LOSSES ON TANGIBLE ASSETS		1 017
GAINS OR LOSSES ON FINANCIAL ASSETS	(74 996)	166 166
REVERSALS / PROVISIONS ON ASSETS	(3 476)	33 358
TOTAL	(78 472)	200 541

5.0 **Breakdown of corporation tax**

	2009	2008
(A) TAX ON ORDINARY PROFIT	(71 702)	(38 868)
(B) TAX ON EXTRAORDINARY ITEMS		
(C) EFFECT OF TAX CONSOLIDATION	(34 824)	(37 931)
(A+B+C) TAX ON PROFIT FOR FINANCIAL YEAR	(106 526)	(76 799)
PROVISIONS IN THE NATURE OF TAXATION ON PROFIT	8 712	9 152
REVERSAL OF PROVISIONS IN THE NATURE OF TAXATION ON PROFIT	(8 529)	(11 357)
CORPORATION TAX	(106 073)	(79 004)

5.1 **Loss carryforward**

	2009	2008
ACCOUNTING LOSS		130 608
TAX LOSS CARRYFORWARD		553 860
CONSOLIDATED CORPORATE TAX LOSS	246 770	497 754

FINANCIAL RESULTS
in the last five financial years (in €)

	2005	2006	2007	2008	2009
1. Share capital at end of financial year					
a) Share Capital	1 302 192 250,00	1 302 192 250,00	1 302 192 250,00	1 302 192 250,00	1 302 192 250,00
b) Number of ordinary shares in circulation	26 043 845	26 043 845	26 043 845	26 043 845	26 043 845
d) Number of priority dividend shares (without voting right) in circulation	50 €	50 €	50 €	50 €	50 €
2. Trading and profits for financial year					
a) Net banking income, income from securities portfolio and other	245 014 648,72	266 998 127,43	287 983 430,27	-21 567 381,78	339 294 315,9
b) Profit before tax, employee incentives and profit share, and allowance for depreciation and provisions	346 280 183,23	218 866 113,79	330 939 819,96	489 733 977,32	489 745 66,71
c) Corporation tax	48 489 536,70	25 161 694,01	-49 750,00	-76 798 285,00	-106 072 636,7
d) Employee profit share for financial year	23 375,10	25 856,64	66 099,08	65 584,31	217 872,5
e) Profit after tax, employee incentives and profit share and allowance for depreciation and provisions	286 803 372,01	209 112 479,74	254 274 957,81	-130 608 227,75	330 938 950,3
f) Distributed earnings	138 553 255,40	140 115 886,10	194 807 960,60	0,00	129 177 471,2
3. Earnings per share					
a) Earnings after tax, employee profit share but before allowance for depreciation, amortisation and provisions	11,13	7,38	12,71	21,75	5,95
b) Earnings after tax, employee incentives and profit share, and allowance for amortisation, depreciation and	11,01	8,03	9,76	-5,01	12,71
c) Dividend per share	5,32	5,38	7,48		4,96
4. Employees					
a) Average employees on payroll during financial year	36	36	30	29	25
b) Average payroll for financial year	4 464 646,58	5 009 659,15	5 656 716,16	5 624 329,26	473 6290,22
c) Sums paid in consideration of employee benefits in financial year (social security and other benefit funds)	1 751 277,12	1 902 472,09	2 095 605,05	2 070 186,20	191 5023,19

(NB) : "Amounts shown in respect of tax on profits show, in addition to the taxes due for the financial year, the changes in provisions relating to these taxes .
This modified presentation arises from the application of the principles of regulation CRC No. 2000-03, effective in 2001 and financial years thereafter."

DETAILED INFORMATION ON SHAREHOLDINGS OF GROSS BOOK VALUE IN EXCESS OF 10% OF SHAREHOLDERS' EQUITY (AMOUNT: €13 021 922.50)	Capital in last balance sheet	Shareholders' equity other than capital and profit in last balance sheet	Percentage ownership of capital as at December 31, 2009 in %	Book value of securities on December 31, 2009		Loans and advances granted by Bank and not redeemed December 31, 2009	Edges and securities provided by Bank December 31, 2009	Revenues last financial year	Profit or loss last financial year	Net dividends received by Bank as at December 31, 2009	Comments year ending
				Gross	Net						
1) Subsidiaries (more than 50% of share capital owned by parent company)											
VENTADOUR INVESTISSEMENT 1, SA, Paris	468 000 000	-46 054 595	100.00	468 293 790	468 293 790	645 660 000		7 407 901	-14 831 612		December 31, 2009 (1)
CM ACQUISITIONS GmbH, Düsseldorf	200 025 000	-12 943	100.00	200 025 000	200 025 000	5 030 200	1 000 000 000	71 637 000	-210 906 000		December 31, 2009 (1)
CM-CIC COVERED BONDS, SA, Paris	120 000 000	1 100 000	100.00	119 999 980	119 999 980	8 120 000 000		2 100 000	400 000	2 039 999	December 31, 2009 (1)
GRUPE REPUBLICAIN LORRAIN COMMUNICATION SAS Woippy	1 512 400	77 630 644	100.00	94 514 159	94 514 159	10 847 991		3 744 554	200 600		December 31, 2009 (1)
CIC IBERBANCO SA à Directoire et Conseil de Surveillance, Paris	25 143 408	45 681 000	100.00	85 000 000	85 000 000	6 000 000		15 802 000	20 023		December 31, 2009
BANQUE DU CREDIT MUTUEL ILE-DE-FRANCE, SA, Paris	15 200 000	3 808 978	100.00	19 040 589	19 040 589	0		142 233	66 208	503 500	December 31, 2009 (1)
BANQUE DE L'ECONOMIE DU COMMERCE ET DE LA MONETIQUE, BECM, SAS Strasbourg	91 094 420	274 954 365	98.50	157 410 486	157 410 486	6 423 437 000	3 710 000 000	505 796 554	58 523 494	19 740 288	December 31, 2009 (1)
SOCIETE FRANCAISE D'EDITION DE JOURNAUX ET D'IMPRIMERIES COMMERCIAUX "L'ALSACE", SAS, Mulhouse	12 210 200	11 081 446	95.60	15 945 250	15 945 346	5 417 340	0	1 424 917	-536 977	0	December 31, 2009
France EST, SAS, Houdemont	34 400 000	102 145 380	80.00	128 000 000	128 000 000	11 041 205			2 370 431	0	December 31, 2009
CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris	590 000 000	3 225 000 000	71.55	2 810 758 184	2 810 758 184	29 357 103 000	18 476 433 000	2 307 000 000	1 081 000 000	26 242 110	December 31, 2009 (1)
CARMEN HOLDING INVESTISSEMENTS, SA, Paris	489 966 960	489 914 920	67.00	656 538 740	656 538 740			13 015 653	12 824 794	7 879 065	December 31, 2009
GRUPE DES ASSURANCES DU CREDIT MUTUEL SA, Strasbourg	1 071 298 542	1 418 171 960	52.81	916 265 837	916 265 837			1 803 038	115 438 534	55 911 219	December 31, 2009 (1)
2) Affiliates (10% to 50% of share capital owned by parent company)											
CM-CIC LEASE, SA, Paris	64 399 232	58 774 167	45.94	47 778 610	47 778 610	2 069 468 000	30 504 000	378 280 000	8 054 966	6 047 021	December 31, 2009 (1)
BANQUE de Luxembourg	104 784 000	479 122 000	28.95	144 746 191	144 746 191			215 439 000	62 905 000	2 788 920	December 31, 2009 (1)
CLUB SAGEM, SAS, Paris	165 888 911	194 822 516	25.26	101 004 463	88 086 463			12 231 549	-112 225 722		December 31, 2009
BANQUE DE TUNISIE, Tunis	75 000 000 (2)	263 304 000 (2)	20	91 418 621	91 418 621			125 836 000 (2)	62 768 000	2 390 000	December 31, 2009
CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris	169 641 000	6 205 000	16.96	35 119 158	35 119 158	269 983 557		1 572 479 000	3 781 082	634 357	December 31, 2009
BANQUE MAROCAINE DU COMMERCE EXTERIEURE Casablanca	1 587 514 000 (3)	5 380 749 000 (3)	15.04	571 325 073	571 325 073			3 925 494 000 (3)	806 946 000	7 601 868	December 31, 2009
3) Other shareholdings (share capital owned by parent company less than 10%)											
BANQUE DE VIZILLE SA à Directoire et Conseil de Surveillance Lyon	355 188 380	147 941 000	3.53	14 790 303	14 790 303			67 329 529	56 089 611	688 693	December 31, 2009
SICOVAM HOLDING SA, Paris	10 264 764	620 073 445	2.50	14 545 687	14 545 687			10 958 798	-82 408 015	256 800	31/07/2009

(1) Balance sheet and financial statements not as yet closed out

(2) Tunisian dinars

(3) Moroccan dirhams

Global information concerning the participations	Capital in last balance sheet	Shareholders' equity other than capital and profit in last balance sheet	Percentage ownership of capital as at December 31, 2009 in %	Book value of securities on December 31, 2009		Loans and advances granted by Bank and not redeemed December 31, 2009	Edges and securities provided by Bank December 31, 2009	Revenues last financial year	Profit or loss last financial year	Net dividends received by Bank as at December 31, 2009
				Gross	Net					
1) Subsidiaries										
a) French subsidiaries				44 225 484	40 177 484	866 547 495	0			1 740 393
SNC Rema, Strasbourg				304 883	304 883					58 997
GIE Ventadour Bail III Bis, Strasbourg				15 230	15 230					
GIE Ventadour Bail III Ter, Strasbourg										
b) Foreign subsidiaries ()										
2) Participation not occasions in the paragraph A										
a) French subsidiaries				20 336 773	19 300 107	2 523 757	0			8 755 827
				6 003 519	6 003 519					
b) Foreign subsidiaries ()				4 394 989	4 394 989					600 073
3) Other shareholdings										
a) Other equity shares in societies French				22 168 402	21 871 602	1 225 825 000	0			139 953
GIE Spring Rain, Paris				3 577 295	3 577 295					
GIE Vulcain Energie, Paris				2 608 738	2 608 738					
b) Other equity shares in the foreign societies				434 554	434 554					

4.4 Reports of the Statutory Auditors on the annual financial statements

★ ★ ★ ★ ★

LES RAPPORTS DES COMMISSAIRES AUX COMPTES SUR LES COMPTES 2009

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

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Banque Fédérative du Crédit Mutuel BFCM

Exercice clos le 31 décembre 2009

Rapport des commissaires aux comptes sur les comptes annuels

To the Shareholders,

In performance of the mission entrusted to us by your General Meeting, we present our report on the year ending December 31, 2009, covering:

- the audit of the financial statements of Banque Fédérative du Crédit Mutuel, as attached to this report;
- the justification for our assessment;
- the specific verifications and information required by law.

The annual financial statements were approved by the Board of Directors. It is our responsibility on the basis of our audit to express an opinion on these financial statements.

I. Opinion on the annual financial statements

We have performed our audit according to the standards of the profession in France, these standards requiring the implementation of audit and verification procedures providing a reasonable assurance that the annual financial statements do not contain significant anomalies. An audit consists of checking by sampling or other methods of selection supporting evidence for the financial and other information shown in the annual financial statements. An audit also consists of an assessment of the accounting principles followed, the significant estimates adopted and the overall presentation of the financial statements. We believe that the elements we have collected are sufficient, relevant, and form a sound basis for our opinion.

We certify that the annual financial statements are with respect to the rules and accounting principles in France, regular and sincere, and give a faithful image of the result of the operations of the past financial year and of the financial situation and assets of the company at the end of that financial year.

II. Justification of assessments

The accounting estimates contributing to the preparation of the financial statements for the year-ending December 31, 2009 were performed against an economic background and in market conditions that remained poor. This is the context in which, by application of the provisions of Article L. 823-9 of the Code de Commerce which provide the justification of our assessments, we bring to your knowledge the following elements:

- Your company uses internal models and methodologies for the valuation of the positions on certain financial instruments that are not listed in active markets, and for the constitution of certain reserves, as described in Note 1 to the financial statements. We have examined the control procedures which relate to the determination of the market as being inactive, to the verification of the models and to the determination of the parameters used.
- As stated in Notes 1 and 2.3 to the financial statements, your company has proceeded to impairments and has set aside reserves to cover the credit risks inherent to its business. We have examined the control procedures, which relate to the credit risks, to the assessment of risks of non-recovery and to the coverage of those risks, on the asset side through specific impairment entries and on the liabilities side by general provisions to cover credit risk.
- Your company makes other estimates as part of the habitual framework of its preparation of the financial statements relating in particular to the valuation of shareholdings and other securities held for the long term, to the valuation of the retirement commitments booked and to the provisions for legal risks. We have reviewed the assumptions made and checked that the accounting estimates are reliant on documented methods compliant to the principles described in Note 1 to the financial statements.

The assessments thus made form part of our approach to the audit of the financial statements as a whole and have therefore contributed to the formation of our opinion as expressed in the first part of this report.

III. Specific verifications and information

We also proceeded in accordance with profession standards in France to the specific verifications required by law.

We have no comment to make on the sincerity and concordance with the annual financial statements of the information given in the management report of the Board of Directors and in the documents sent to shareholders regarding the financial situation and the annual financial statements.

Concerning the information supplied under the provisions of Article L. 225-102-1 of the Code de Commerce on compensation and benefits paid to corporate officers and the commitments entered into for their benefit, we have checked their concordance with the financial statements and with the data used in drawing up those financial statements, and as necessary, with the elements of information gathered by your company from the companies either controlling your company or controlled by it. On the basis of such investigations, we certify the exactness and sincerity of this information.

Paris-La Défense and Neuilly-sur-Seine, April 23, 2010

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

ERNST & YOUNG et Autres

Arnaud Bourdeille

Isabelle Santenac

Chapter V CONSOLIDATED FINANCIAL STATEMENTS

5.1 Management Report of BFCM Group

Economic balance sheet for year 2009

The most fitting description of financial 2009 is that it is likely to be a year of transition and uncertainty.

The transition from a financial crisis,—which appears to have worked its way through in the course of the financial year, with attendant recovery of normalcy by the markets—to a delayed-action economic crisis, persisting well after the financial crisis, continued to foster a climate of depression and stagnation.

The depth of the crisis and its duration are uncertainties in a climate where international tension is strong, either by reason of the war situation in countries such as Afghanistan and Iraq, or because sensitive situations as in Iran contribute to rising tensions

The hopes that were placed in the incoming new President in the United States at the start of the year and the appointment under the Lisbon treaty of a President of the European Council able to represent Europe, have not in any real sense provided solid outcomes, nor tangibly effective means to better manage the crisis situation..

The few signs of signs of recovery, as with consumer spending, turned out to be short-lived, and sprang from purely governmental initiatives (used car scrap incentives). These signs of recovery are by no means enough to indicate we have returned to the path of sustainable growth.

The high media profile global summits and solemn declarations have been shown to be ineffectual, as scarcely going beyond emblematic measures on tax heavens and bankers' bonuses. Moreover, depending on the country, they have been incompletely and unevenly put into practice.

Although China and India and some Asian economies have recovered strong growth, the United States is still bogged down in a sluggish business recovery cycle. Yet it has the capacity to bounce back and return to the path of economic growth.

In Europe, the situation is grave, and the options available to the members of the European Union are by no means all cast in the same mould. Government are going forward disunited. The climate in social and labor relations is tense, as unemployment is rising in most countries. The signs of recovery and hopes of economic improvement will come from economic revival in the United States, which should have the effect of driving recovery in Europe.

All the while the start of a growth cycle is pending, the general situation is worsening. Our home markets are affected by rising unemployment and deepening deficits, caused by government spending, in support both of the economy and of consumer spending. The financial equilibrium of some states has been called into question, and is giving cause for concern (Greece, Italy, Spain, United Kingdom).

In this climate of depression, we have continued to do business under difficult conditions.

When the financial crisis was at its worst; the banking sector made commitments to central governments in the field of lending. Statistics on new lending since the end of 2008 point to a substantial slowdown in new lending, although the trend remains upward nevertheless.

On more detailed analysis, it is apparent that the crisis is more one of demand than supply, as interest rates continue at historically low levels. Thus risk management remains a determining factor when granting and following up new lending.

Add to this economic slow down, which makes the need for new corporate borrowing less pressing. Consumer lending has, by contrast, suffered less, and its increase is evidenced across the banking sector generally. This demonstrates both the effectiveness of government measures, and the ability of banking networks to react.

Our corporate performance reflects the resilience of the consumer market and climate surrounding it, and can be said to be good. We have suffered less than investment banks at the hands of the financial crisis, and have been able to keep our heads above water in our core domestic business. We have benefited of the loyalty of the members of our mutual bank, as well as from our range of products that meet their requirements..

2010 does not, in principle, appear to be the year of recovery, especially as the measures taken to support consumer spending and investment, particularly in the real estate field, could be called into question, or turn out to have a more limited scope and efficacy than hoped.

More than ever, our role is to reinforce the relationship of our bank with our members and provide them with a well managed framework of services to help them work their way out of this serious crisis. The close relationship between the elected members governing the bank and our staff, on the one hand, and the members, on the other, should exert its beneficial effects to the full. Fiscal 2009 was an opportunity to demonstrate yet again how well our organization performed, even and including in recessionary times. The options taken have ensured that we kept alive and developed a distinctive and close relationship with our shareholder members.

2009 was also a year where our partnership arrangements took a step forward. The Credit Mutuel Midi-Atlantique Group joined the existing CM4 members (Ile-de-France, Savoie-Mont-Blanc, Sud-Est and Centre Est Europe groups), so that on January 1, 2009, CM5 came into being.

The enlarged organization was reflected and supported by changes at Board level.

Board of Directors – Executive Compensation

The Board of Directors of Banque Federative du Credit Mutuel is currently comprised of 17 members appointed by the General Assembly and by 5 Scrutineers appointed by the Board under Article 20 of the Statutes.

The Board on June 14, 2002 opted for twin management at senior level, the Presidency of the Board being placed in the hands of M. Etienne PFIMLIN, and General Management in the hands of M. Michel LUCAS.

The legal arrangements on the composition and terms of office of the members of the Board of Directors are shown in § 3.1 of this document (page 29).

At the ordinary General Meeting of May 12, 2010, the offices of M/s Marie-Paule BLAISE and Messrs .Michel LUCAS, Gérard CORMORECHE, Jean-Paul MARTIN were renewed for a further term of three years.

The report on the workings of the Board and the internal control procedures are to be found on page 38.

The Credit Mutuel Group signed a standard convention with the French government covering a number of measures for the re-financing of credit institutions, in the framework of which the Group entered into engagements in the field of promoting new lending. These measures also covered the status, the compensation and the engagements of corporate officers. The decisions taken in this respect by the Board on December 19, 2008 were brought to the knowledge of the Statutory Auditors. At its meeting of December 18, 2009, the Board also adopted the recommendations on professional standards relating to the compensation of financial market professionals.

The detailed table of the compensation received by the Directors of the BFCM Group in 2009 and the principles and mechanisms in force are an integral part of the report of the Board of Directors presented to the Annual General Meeting of Shareholders and are detailed in Chapter 3 – Enterprise Governance –(pages 35to 37) of this document.

Financial elements on the consolidated financial statements of Banque Federative du Credit Mutuel.

Pursuant to regulation CE 1606/2002 on the application of international accounting standards and regulation CE 1126/2008 on their adoption, the consolidated financial statements for the financial year have been drawn up in accordance with the IFRS reference framework adopted by the European Union on December 31, 2009. This IFRS reference framework is comprised of standards IAS 1 to 41, standards IFRS 1 to 8 and their SIC and IFRIC interpretations adopted as of that date. Summary documents are presented according to the recommendation CNC 2009-R.04.

Standard IFRS 8 and standard IAS 1 revised in 2007 have been applied for the first time since January 1, 2009. IFRS standard 8 has no impact on the presentation of the financial statements. The financial statements were adjusted to achieve conformance to IAS 1.

The generality of IAS/IFRS standards were brought up to date on November 3, 2008 by regulation 1126/2008 which replaced regulation 1725/2003. This reference framework is available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The accounting principles, methods of valuation and presentation of the international standards are detailed in note 1 to the financial statements.

The information relating to risk management required by IFRS 7 is covered in a dedicated chapter.

Group activity and results

Analysis of consolidated balance sheet

The IFRS total consolidated balance sheet value of the BFCM Group stands at €420.5 billion as against €425.2 billion in 2008 (-3.3%).

The financial liabilities valued at fair value through profit or loss amounted to €47.8 billion in 2009 as against €47.1 billion in 2008. These are essentially derivatives or other financial trading liabilities and debts towards credit institutions valued at fair value through profit or loss.

Other liabilities towards credit institutions (€91.5 billion) fell by 14.3% compared to the previous financial year.

The issuance of securities other than those valued by fair value by profit or loss amounted in all to €87 billion, as against €100.6 billion in 2008 (-16.40%¹). Interbank market securities and other negotiable securities accounted for most of this, in the amount of €56.5 billion, followed by €30.3 billion bond debt. The balance was made up of short term borrowing and other securities.

The "Customer Deposits" heading on the liability side of the balance sheet was made up of customer savings deposits and attached receivables. Customer deposits rose by 8.9%² to €94.5 billion in 2009², confirming a net recovery in savings. The contribution of CIC entities alone amounted to 73% of this total, or €76.9 billion, whereas Targobank contributed 10% and Cofidis Group €0.4 billion.

Technical provisions on insurance contracts representative of commitments to the insured amounted to €51 billion, or 11.3% more than last year. The majority of this (€46.8 billion) was made up of customer savings entrusted to the life assurance companies of the Groupe Assurance du Crédit Mutuel.

The minority interest on the liabilities side of the balance sheet (€2.9 million at year-end 2009) mainly concerned other groups in Crédit Mutuel working through GACM (27% of whose equity they own), and outside shareholders in CIC (8% of equity).

On the assets side, investments in the interbank market rose by 0.5%³ from 2008 to 2009 to €105.5 billion.

Total loans to customers rose from €147.7 billion to €152.1 billion, including the contribution from Cofidis Group (€7.8 billion).

Loans were more than 79% made through CIC entities. The Targobank Germany loan book amounted was €11 billion, a little more than 7% of the total.

¹ Change 2009/2008 on a like-for-like basis excluding SFEF funding

² Customer deposits excluding SFEF funding (€11.1 billion)

Financial instruments valued at fair value through profit or loss stood at €51.6 billion as against €56.2 billion last year.

The goodwill on the asset side (€4 billion in total) was mainly due to acquisitions, namely Targobank in December 2008 (€2.8 billion), a stake in the Cofidis group for €0.4 billion acquired at the beginning of March 2009 and CIC stock (residual goodwill being €506 million).

Analysis of consolidated balance sheet

Group net banking income swelled from €3.9 billion on December 31, 2008 to €7.9 billion on December 31, 2009 under the effect of the acquisitions of Groupe Cofidis and Targobank. Operating expenses (€4.4 billion on December 31, 2009 as against €3.2 billion at year-end 2008) increased 4.8% like-for-like as a result of additional incentive and profit share payments to Group employees.

The cost of risk was €1,892 million at December 31, 2009 as against €1,016 at year-end 2008 (-7.7% like-for-like). Recent acquisitions at year-end 2009 brought with them a cost of risk of €391 million for Targobank and of €509 million for Cofidis.

As a result, the cost of risk as ratio of outstanding loans increased by 1.04% and the ratio of overall coverage for doubtful debt was 63.9% as at December 31, 2009.

Net profit 2009 rose to €1,029 million, as compared to €138 million in 2008.

Analysis by activity:

Description of activity poles

The activity and break-down adopted for the purpose of this report corresponds to the structure of BFCM Group business operations. Please refer to note 3 which shows the business groupings adopted and note 2 for a detailed breakdown in the balance sheet and in the profit and loss statement, by activity.

The elimination in whole of reciprocal transactions between the banking and insurance sectors would in result in book transfers of assets and earnings between the banking and insurance businesses in such a way as to be liable mislead for the purposes of an economic assessment of these sectors. Consequently, the analysis by activity according to the principle outlined in the first paragraph, above, shows elements relating to in the insurance business prior to the elimination of reciprocal transactions, when these transactions are representatives of the entitlements of the insured (i.e. income from the investments made by the bank of the cashflow generated by the insurance business, insurance contributions payable by the banks for their employees, etc). In particular the information attached to the headings "Income from Insurance" as shown below and analyzed by activity, differs from that shown and restated in the financial statements.

- Retail banking which is the core business of Group BFCM includes:
The BECM network, the network of the regional banks of the CIC and of the CIC in Ile de France, the CIC Iberbanco branches, the Targobank Germany network, the Cofidis Group and all the specialist businesses handling the selling and marketing of products on behalf of the retail network, such as consumer credit, equipment leasing and lease and buy-back, real estate leasing, consumer spending financed by credit on installments, factoring, mutual funds employee share ownership and savings schemes, and real estate..
- Insurance, involving the Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries, whose product sales and marketing is performed by the retail network. The companies in the GACM operate in the life and non-life insurance markets, and in insurance brokerage, reinsurance, remote surveillance and the financial coverage of automotive maintenance.
- The finance and market bank covers two activities
The finance of major companies and institutional customers, value-added finance (project and asset finance, export finance etc), and the international business and foreign branches; the BFCM and CIC market activities form part of a single entity known as CM-CIC Marchés, under single management.
Market activities are organized into 3 business lines: re-finance, commercial and own account.
Operating from two sites (Paris and Strasbourg) the assets of these businesses are recorded in two balance sheets:
 - * BFCM balance sheet for the re-financing business
 - * CIC balance sheet for the commercial and own account business lines

- Private banking includes the companies whose main business this is, both in France (CIC Banque Transatlantique, Dubly-Douillet SA) and abroad (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private banking-Banque Pasche, Banque Transatlantique Belgium, Banque Transatlantique London).
- Private equity operations performed on own account are a significant profit center. This business line is organized around three main entities: CIC Finance, CIC Banque de Vizille and IPO.
- The Structure and Holding division includes all elements not assignable to other business lines and the structures that have a purely logistic purpose, such as intermediary holding companies and real estate operating companies set up as dedicated entities.

Retail Banking

In 2009, the BFCM Group remained closely involved with its private customers, associations, professionals and corporate customers.

The dynamism of the retail network, its closeness to customer concerns, the quality of its commercial offering ensured that:

The portfolio grew by 101,928 new customers (excluding the contribution from the Cofidis Group), raising the total number of customers to 11,182,986, the Cofidis Group bringing in an additional 3,497,187.

48 new points of sales came on stream raising the total to 2,568 branches.

New lending by the French retail banking network (excluding the newly acquired companies) amounted to €99.2 billion, and held up well, with a rise in the loan book of 2% over 2008, driven by home loans (+4%) and investment credits (+6%).

Deposits at €60.8 billion reported a 12% increase due to strong momentum from special savings plans (EARS), the so-called popular savings plans (PEP), which grew by 25%, and instant access deposits, which grew by 22%.

Savings under management grew by 20% to €62.3 billion.

The portfolio of property and casualty contracts grew by 8.6% to 2,541,534 contracts.

(in €million)	December 31, 2009	December 31, 2008	Change % ³
Net banking income	5,818	3,297	+4,6%
Gross operating profit	2,290	1,037	+4,9%
Pre tax profit	855	669	-19,5%
Net Profit	554	477	-26,5%

Retail net banking income rose to €5,818 million from €3,297 million (+4.6% like-for-like, and increased by a factor of 1.8 due to acquisitions). Pre-tax profit was affected by the rise in credit risk, and stood at €855 million as against €669 million in the previous year.

General expenses grew by 4.5% (like-for-like) to €3,528 million but the operating coefficient improved from 68.5% to 60.6%.

The cost of risk was €1,452 million, a rise of 49% like-for-like.

Insurance

(in €million)	December 31, 2009	December 31, 2008	Change %
Net banking income	887	765	+15,9%
Gross operating profit	546	456	+19,9%
Pre tax profit	567	472	+20,1%
Net profit	412	377	+9,5%

Insurance premium income at €7.7 billion grew by 20.4%. Of this increase in premium income, 32% was due to life assurance. To further its international development, the Group signed partnership agreements with the Royal Automobile Club of Catalonia (103,800 contracts in portfolio on December 31, 2009), and acquired the Partners company in Belgium..

⁴ Like-for-like change, 2009/2008

Net insurance income was €887 million on December 31, 2009, as against €765 million in 2008 after remuneration paid to the distribution networks of €734 million (up 7% over 2008). Pre-tax profit was €567 million as against €472 million.

Finance and market banking

<i>(in €million)</i>	December 31, 2009	December 31, 2008	Change M€
Net banking income	1.532	26	+1.506
Gross operating profit	1.262	(214)	+1.476
Pre tax profit	882	(744)	+1.626
Net profit	610	(476)	+1.086

Pre tax profit was €882 million as at December 31, 2009, reversing a loss of €774 million in 2008. Net banking income was €1,532 million as against €26 million.

In this business line, the financing bank saw its pre-tax profit improve by 13.7% to €225 million and its net banking income by 37.4% to €461 million.

The loan book stood at €18.6 billion on restored margins

The cost of risk rose from €64 million in 2008 to €158 million on December 31, 2009. Provisions did not exceed €20 million in any one instance;

In market activities, after financial 2008 was hit hard by the financial and banking crisis and by widening credit spreads, 2009 saw a return to normalcy. Consequently, the loss of -€942 million in terms of pre-tax profit in 2008 was reversed, and pre-tax profit at year-end on December 31, 2009 stood at €657 million. Net banking income similarly went from -€310 million to €1,072 million.

In regard to variable compensation of market professionals, the CM5-CIC Group strictly complied with the G20 rules. More than 50% of variable compensation was deferred and denied in the event of failure to reach targets, under *bonus/malus* arrangements. The ratio of total compensation to revenues was 10.4%. Allowances for all-inclusive costs (liquidity, risk, capital allocation) and all related book expenses (taxes both deferred and conditional) were recorded.

The cost of risk in 2009 stood at €221 million as against €465 million in 2008.

Private banking

<i>(in €million)</i>	December 31, 2009	December 31, 2008	Change %
Net banking income	397	427	-7,2%
Gross operating profit	94	156	-39,9%
Pre tax profit	95	47	+99,6%
Net profit	70	42	+66,2%

Net profit rose from €42 million in 2008 to €70 million on December 31, 2009 and net banking income fell from €427 million to €397 million.

In spite of the crisis, commercial performance was satisfactory.

Private equity

<i>(in €million)</i>	December 31, 2009	December 31, 2008	Change %
Net banking income	49	112	-56,3%
Gross operating profit	21	73	-71,6%
Pre tax profit	21	74	-71,5%
Net profit	20	77	-74,2%

In a relatively unfavorable economic environment, private equity at year-end 2009 reported a net profit of €20 million. Investments stood at close to €2 billion.

The BFCM Group serviced 480 French companies through an investment portfolio of more than €2 billion, in a bid to support the economy, rather than out of speculative interest, given that the average holding time of these credit lines is 10 years.

Structure and holding company division*(in €million)*

	December 31, 2009	December 31, 2008	Change % ⁴
Net banking income	(495)	(679)	-55,8%
Gross operating profit	(751)	(762)	-51,4%
Pre tax profit	(916)	(686)	-48,4%
Net profit	(637)	(359)	-38,1%

Net banking income of the structure and holding division broke down as follows:

- Net banking income of the holding company activity (-€635 million), breaking down into the funding the shortfall in working capital in the business (- €269 million), the re-financing of Targobank (-€207million), depreciation of Targobank goodwill (-€188 million), the CIC business development plan, the re-invoicing of Targobank and Cofidis headquarters expenses, and dividends from shareholdings;
- Net banking income of the logistics activity was €140 million (Targobank and Cofidis logistics subsidiaries).

The point 2.1 "BFCM activities" (pages 15 to 18 of this document) in chapter II – BFCM and Group business lines – is an integral part of the report of the Board of Directors presented to the Annual General Meeting.

Board of Directors

5.2 Recent developments and outlook

There remain numerous uncertainties in regard to market trends and the prospects of sustainable economic recovery.

The economic crisis which came in the wake of the financial crisis resulted in a worsening credit risk, which could continue to have an impact in 2010. The close watch kept on credit risk will be a major challenge. Controlling our expenses and reinforcing the loyalty of our bank customers and members should enable the Group to preserve the relationship of confidence and trust which is required in the difficult period awaiting us.

The Group will continue with:

- the commercial development of its network;
- the broadening and diversification of its range of products and services;
- its target of providing the best service possible to its customers/members, individuals, associations, professionals and corporate clients;
- its support to economic activity by remaining closely attached to meeting customer needs;
- the consolidation of recent acquisitions, among them CIC Iberbanco (ex Banco Popular France), the Cofidis Group and Citibank Germany, which became Targobank in February 2010.

⁴ Like-for-like change 2009/2008

5.3 Risk Report

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

The numbers shown in this chapter have been audited except those expressly marked by an *, and have therefore been audited for their sincerity and concordance as required by article L.823-10 of the Code du Commerce, being in this respect on a par with the standards of sincerity and concordance which apply in the remainder of the management report.

The periodical, permanent and conformance controls provide for reinforced security of the processes adopted in all the bank's activities.

The risk department undertakes the comprehensive management of risks, whose procedures it consolidates so as to optimize management procedures in regard to the regulated capital allocated to each activity, and the rates of return achieved.

Contents

I) Credit risks

II) Balance sheet management risks

III) Market activity risks

IV) European solvency ratio

V) Operational risks

VI) Other risks

I) Credit risks

The quantified information on credit risks is set out as follows:

-Customers lending risks: pages 97 to 107

-Inter-bank credit risks: pages 107 to 108

-Risks on negotiable securities, derivative instruments and securities lending: page 108

Additional information on credit risk is given in greater detail in Note 12 of the consolidated financial statements.

A – Organization of the engagement division

The engagement division is managed in such a way as to make a distinction (in accordance with regulations in force) between:

- Procedures for granting loans;
- Measuring risk and supervising engagements.

The engagement division and the management of the engagement themselves are governed by a single reference framework which lays down the rules and procedures in force for the Group.

Lending procedures

These measures are centered on the knowledge of the customer, the assessment of the risk and the actual decision of engagement.

Knowledge of the customer

Knowledge of the customer and the targeting of prospective borrowers rely on the close connection established with the regional economic environment. The segmentation of customers and their allocation to different risk-related categories provide a focus for commercial prospecting towards targeted prospects. Knowledge of prospective loan applicants and risk analysis are collected in the credit dossier. The possession of the most recent accounting documents of prospective borrowers is covered by computerized monitoring procedures under the balance sheet collection application.

Risk assessment

The assessment of risk relies on the analyses performed in a number of stages under formalized procedures. The basis of risk assessment is:

- Customer credit rating;
- Risk groups;
- Risk weighting of outstanding loans by type of product and guarantees offered and accepted.

The bank staff are trained and regularly updated in risk management techniques.

Customer credit rating

As required by regulations, credit rating is the focal point of the procedures leading up to the engagement to lend and attendant risk management including the procedures for granting the loan, making payment, setting interest rates and monitoring. Here all those acting on powers delegated to them rely on counterparty credit rating practice.

The internal credit rating system for groups of customers relies on the following principles:

- Single mode of calculation for the whole of the Group;
- Exhaustiveness: credit rating applies to all third parties identified in the information system;
- Automation of retail network procedures: the information system automatically calculates monthly primary credit rating adjusted on a daily basis in response to risk alert procedures;
- Uniformity of credit rating procedures: algorithms are common to all of the banks and based on market segmentation defined within the information system;
- Uniformity of data recovery levels for all market segments (9 classes of healthy customers and 3 classes of defaulting customers);
- Allowance for the notion of risk groups.

Credit rating is re-calculated on a monthly basis (primary rating) and corrected on a day by day basis by taking into account serious risk events as they arise, in order to establish a final credit rating.

The monitoring of the relevancy of the algorithms takes place as necessary through the Basel 2 “structure”, and relies on specialist teams. Generally speaking, the engagement division validates the internal credit rating of all the dossiers for which it has responsibility.

Risk groups (counterparties)

“There shall be considered as a single beneficiary such individuals or legal entities who are related in such a way that it is likely that if one of them were to encounter financial problems, the others would be affected by re-payment difficulties”.

The risk groups are built up on the basis of written rules which include the requirements of article 3 of CRB 93-05. Each customer manager manages the constitution and maintenance of risk groups.

Weighting of products and sureties

To assess the counterparty risk, the nominal engagement may be weighted. Weighting takes into consideration the nature of the credit and the nature of the surety offered as collateral or guarantee.

Engagement decision

The engagement decision relies mainly on:

- credit ratings of the counterparty or group of counterparties;
- levels of delegated powers;
- the principle of dual oversight (“four eyes”);
- rules for loan ceilings in the light of capital adequacy considerations;
- yield on lending suited to risk profile and capital allocation for risk coverage.

Decision-making circuits are automated and managed in real time. As soon as a credit application has been assessed, the electronic dossier is dispatched to the correct level of decision-making, at which point only will the engagement decisions be taken.

Levels of delegation

Network

The customer manager is responsible for the exhaustiveness, quality and reliability of the information collected. As required by Article N°19 of CRBF 97-02, the customer manager sets up credit dossiers where all information required for quantitative and qualitative assessment is gathered. The single dossier contains the information in regard to counterparties considered as one and same beneficiary of the credit. The customer manager checks the relevancy of the information available from customers, from external sources (sector studies, annual reports, legal

information and rating agencies), or from internal sources. The rules defined in the procedure on the delegated powers, loan approvals and debtors are consistent with the Basel 2 directives and with the fundamental principles applicable to all banks in the Group. Each customer manager is responsible for the decisions that s/he takes and requires others to take under authority, and remains personally answerable for the powers delegated. The levels of powers delegated depend on loan ceilings which are modulatable, depending on:

- credit rating;
- total engagements of a counterparty or risk group;
- exclusions from delegated powers;
- guarantees entailing eligibility for weightings of the engagement.

Dossiers for loans in amounts in excess of the powers granted under the above procedures, require decisions to be taken by the engagements committee whose standing rules are governed by written procedures.

Finance and investment bank

The decisions are not taken individually but by an engagement decision committee. Foreign branches benefit from specific delegations of powers.

Role of engagement management

Each regional centre has an engagement management answering to general management, which is independent of line management. Its missions are principally of two kinds and hence assigned to two independent teams:

- a person responsible for ensuring the quality of decisions to grant loans through a “four eyes” analysis of the credit dossiers, so as to ensure that the yield on the loans are consistent with the risk exposure;
- a person responsible with implementation of prudential oversight and the assessment of credit risks in addition to the continuous controls.

Arrangements for risk measurement and supervision of engagements

Monitoring of engagements is undertaken by the national and regional organizations using tools consistent with the regulatory provisions of Basel 2.

Measurement tools for consolidated risks

To measure consolidated risks, the BFCM Group has at its disposal various tools allowing for a multi-layered approach at the regional entity and Group levels, taking into consideration all of the following factors:

- exposure to the counterparty or group of counterparties;
- production of new lending, interest rates on offer to customers, credit margins, assessed by margin or product, healthy and doubtful loans;
- the quality of the portfolio as assessed in the light of the regional policy directives (credit rating, desirable lending margin, length of relationship, credit products, activity sectors, age of contract), including the build-up of an historical overview;
- high level monitoring of credit risks in terms of the concentration of risks, inter-banking risks, country risks and risk by entity, subsidiary, business line, or markets.

Each commercial entity in the Group has information collection and processing tools to enable it to make daily checks of abidance by the maximum credit allowances of each of the counterparties.

Supervision of engagements and detection of sensitive risks

Purposes of supervision

The engagement division contributes alongside other relevant actors to the supervision of the quality of the various aspects of credit risk.

The supervision procedures of the engagement division are additional to and coordinated with the measures that are undertaken mainly at first level control, by permanent control and by the risk management entity.

Monitoring engagements

Monitoring overruns and operational anomalies on the loan account relies on early warning tools (management of debtors/ sensitive risks/ automatic information provided in debt recovery procedures), based both on external and internal criteria, notably credit rating and analysis of borrowers' accounts. These indicators seek to identify and provide management intervention as far ahead as possible of actual difficulties affecting counterparties. Detection procedures are automated, systematic and exhaustive. Monitoring is based on the same sequence of procedures as governs delegation of powers and engagement decisions.

Monitoring of major corporate risks is done independently of the lending procedure. Risk monitoring includes the identification of engagements giving rise to alerts when targets are not met, or when the risk profile of the relevant counterparty changes. The same philosophy applies to monitoring counterparty limits in the trading rooms.

Monitoring regulatory and internal corporate limits is undertaken independently of the lending procedures. Limits are determined by the level of capital required under regulation CRB 93-05 for regulatory limits, and in the light of capital allocations and the internal credit rating of counterparties and the internal limits which they govern..

The monitoring of portfolios and risks by the finance and investment banks is reliant on a periodical analysis of engagements using decision-support and management tools to classify lending as "sensitive", to classify /re-classify it and to make provisions for bad debt.

In the retail banking network, the supervision of engagements is organized as part of the quarterly reporting framework of dossiers earmarked as requiring closer supervision.

Quarterly portfolio monitoring gives rise to an exhaustive review of the internal credit ratings of third parties and groups of third parties for each portfolio

Detection of the mass at risk, default, and making provisions

The purpose here is to exhaustively identify the type of lending or sectors of activity requiring special supervision, and assign counterparties detected as at risk to the relevant category: namely sensitive (not yet classed doubtful), doubtful debt, or in litigation..

Sensitive risks

The purpose here is to detect risk situations as early as possible based on criteria defined by customer segment, drawing on computerized information or relying on the most competent operational and engagement managers?.

These procedures allow:

- the identification of counterparties or activity sectors where events or information comes to light making surveillance mandatory in the more or less short term. This procedure is additional to the automated, application-based identification of risks, and generally gives earlier warning than such systems.
- systematic taking of all conservative action required to in the interests of the BFCM Group so far as possible.

Default and provisioning

All debt is subject to automated monthly processing to detect adverse factors, using indicators of internal or external origin, for which the information system has settings. In addition to the exhaustive automated procedures in force, the various actors involved use all the sources available to them to identify debt to be placed "under supervision".

The reclassification into doubtful debt and provisions for default are covered by computerized procedures.

Also, reviews are performed on homogeneous portfolios to detect loss events that could lead on to the collective impairment of receivables.

Management of mass at risk

Management of sensitive customers (not declared as doubtful). Depending on the seriousness of the situation, customers are managed at branch level by the customer manager, who may be granted newly delegated powers. Alternatively specialist teams may be allocated to dossiers by market, type of counterparty or method of debt recovery.

Management of customers declassified into doubtful debt, litigation. Counterparties concerned are governed by differentiated management procedures suitable to the seriousness of the situation: at branch level by the customer manager (in the event that the branch is not delegated powers to lend to the relevant customers), or by specialist teams dedicated to markets, types of counterparties or method of recovery.

Permanent oversight of engagements. A second level control is performed by bringing independent and dedicated skills into play by the engagement division, which on a monthly basis uses specific criteria to analyse the engagements deemed risky; so that appropriate measures are taken.

An automated analysis of around twenty ratios allows the monthly identification of the branches experiencing difficulty in the management of their engagements, enabling rapid action to put matters right as necessary.

Additional security is provided by the credit risk management procedure.

Update on 2009 orientations

In 2009, in the extraordinary circumstances of the economic crisis, the BFCM engagement unit sought to reinforce the provisions for granting, measuring and supervising risks.

The Engagement reference framework was adjusted as a result.

Reporting

Risk Committee

In accordance with provisions of regulation CRBF 97-02, the various bodies, including the risk committee, are informed at intervals of three months or less of the change in credit engagements. These bodies are also informed of and contribute to the decisions on changes in the credit engagement management arrangements.

Senior management information

Detailed information on credit risks and procedures is given to senior management. This data is also presented to a risk management committee with responsibility for examination of the strategic issues facing the BFCM Group in terms of risk management, compliant to the Basel 2 regulations.

B – Quantified data

Loans to customers

In an evolving economic environment, a main characteristic of 2009 was relative stability of the loan book, and a deterioration of the cost of risk

Loan book

The total of outstanding loans to customers stood at €157.2 billion, a fall of 2.3% ** in 2009 as compared to 2008. This relative fall mainly affected short term lending. Indeed, medium and long term loans on the balance sheet rose by 3.2%, although the outstanding short loans shown on the balance sheet fell by 13.6%, which reflected the observable reduction in working capital in the corporate sector.

(** change 2009/2008 like-for-like)

Lending to customers breaks down as follows:

	31/12/2009	31/12/2009 like-for-like ²	31/12/2008
(€ million capital, end of month)			
Credits, short term	53 654	46 999	54 426
Ordinary overdrafts	6 388	6 387	7 208
Commercial lending	2 259	2 259	3 074
Short term lending	44 857	38 203	44 026
Export credit guarantees	151	151	118
Medium and long term lending	93 870	93 581	90 647
Lending to finance durable goods purchasing	23 572	23 572	22 383
Home buying loans	56 408	56 391	55 006
Leasing and lease-and-buyback	7 283	7 043	6 806
Other credits	6 607	6 576	6 452
Total gross lending to customers			
Excluding doubtful debt and attached receivables	147 525	140 581	145 073
Doubtful debt	9 335	6 899	5 747
Attached receivables	333	269	367
Total gross lending to customers	157 192	147 749	151 187

Source Accounts – Excluding security lending * Excl. new acquisitions

Exposure

	31/12/2009	31/12/2009 like-for-like ²	31/12/2008
(€ million capital, end of month)			
Loans and receivables			
Credit institutions	105 214	104 886	104 320
Customers	157 192	147 749	151 187
Gross exposure	262 406	252 635	255 507
Provisions for impairment			
Credit institutions	-520	-520	-316
Customers	-5 962	-4 590	-4 231
Net exposure	255 924	247 525	250 960

Source Accounts – Excluding security lending * Excl. new acquisitions

	31/12/2009	31/12/2009 like-for-like ²	31/12/2008
(€ million capital, end of month)			
Commitments to finance made			
Credit institutions	1 472	1 472	1 409
Customers	38 147	33 051	31 403
Guarantee commitments made			
Credit institutions	4 198	3 399	3 004
Customers			
	12 381	12 373	12 217
Provisions for risks on commitments made	141	141	120

Source Accounts – Excluding security lending * Excl. new acquisitions

At year-end 2009, the total loan book, after the acquisition of Cofidis, takes into account the assignation to the scope of consolidation of the associated customer loans. For these entities, the outstandings at year-end 2009 broke down as follows:

(in millions of euros capital, end of month)	31/12/2009 Entry into consolidation	Relative weight 31/12/2009
Credits, short term	6 655	95,8%
Ordinary overdrafts	1	0,0%
Commercial lending	0	0,0%
Short term lending	6 654	95,8%
Export credit guarantees	289	4,2%
Medium and long term lending	0	0,0%
Home buying loans	17	0,2%
Leasing and lease-and-buyback	240	3,5%
Other credits	32	0,5%
Total gross lending to customers Excluding doubtful debt and attached receivables	6 944	100%
Doubtful debt	2 435	
Attached receivable	64	
Total gross lending to customers Excluding doubtful debt and attached receivables	9 443	
Provisions for impairment	1 373	

Except if specifically otherwise stated, the comments, information on lending and analyses set out below do not include information specifically relevant to Targobank Germany and to Cofidis Group.

High quality portfolio

Among the customers: of high credit rating on the 12-level internal scale, customers in the best 8 categories accounted for 96% of individuals, 89% of professionals, 91% of companies and 92% in finance and investment banking.

Risk of concentration

Counterparty risk

In the consumer market, housing loans accounted for 35.7% of the gross loan book. These outstanding are by their very nature distributed among a large number of customers and secured by the physical collateral attached to the loans.

The share in each customer market of the 10 largest counterparties indicates the degree of dispersion of risk. On December 31, 2009, the amounts outstanding for the 10 largest customer groups amounted to less than 5% of the total loans, both on and off the BFCM balance sheet (€6.7 billion or 3.53%).

Sectorial risk

The surveillance and alert procedures attaching to the activity sectors exposed to cyclical economic effects (real estate, aerospace...), or to uncertainties (automotive components, transportation...) is at all times ongoing. These measures demonstrate the absence of concentration of risk in a particular activity sector.

Geographical risk

98 % of country risks identified are in the Europe zone.

Apart from marginal exceptions, the exposure of the portfolio of country risks is to France and countries in the OECD.

Breakdown of healthy outstandings to customers, by internal credit rating	31/12/2009 in %	31/12/2008 in %
A+ and A-	26,4%	24,4%
B+ and B-	30,5%	32,3%
C+ and C-	26,4%	28,6%
D+ and D-	13,3%	11,9%
E+	3,4%	2,8%

source : Risk Monitoring

CM-CIC Rating	Correspondance Moody's	Correspondance Standard & Poors
A +	AAA à Aa1	AAA à AA+
A -	Aa2 à Aa3	AA à AA-
B +	A1 à A2	A+ à A
B -	A3 à Baa1	A- à BBB+
C +	Baa2	BBB
C -	Baa3	BBB-
D +	Ba1 à Ba2	BB+ à BB
D -	Ba3 à B1	BB- à B+
E +	B2 et <	B et <

The guarantees on home loans break down as follows :

(€ million capital, end of month)	31/12/2009
Lending for home buying	56 408
With collateral or guarantees in the form of <i>Garantie Crédit Logement</i> or <i>Cautionnement Mutuel Habitat</i>	17 563
With mortgage or similar first rank guarantee	31 913
Other guarantees *	6 932

Source Accounts Dept. - Excluding securities lending * Excluding new acquisitions

In the financial year, the home loan loan book grew by 2.5%

Breakdown of lending by type of customer	31/12/2009 in %	31/12/2008 in %
Consumer Public	61%	56%
Business and professionals	28%	33%
Big companies	8%	8%
Specialist finance and other	3%	3%

Source risk monitoring
The breakdown of risks is based on customer type, and takes into consideration all the French entities of the BFCM Group.

Geographical breakdown of customer risks	31/12/2009 in %	31/12/2008 in %
France	85%	85%
Europe outside France	14%	13%
Other countries	2%	2%

Source Accounts Dept. - including new acquisitions

	31/12/2009	31/12/2008
Concentration of client risk		
* Gross commitments in excess of €300 million		
number of groups of counterparties	26	28
total weighted commitments in € million	11 003	16 462
of which total balance sheet in € million	7 637	10 481
of which total outside guarantee and finance	3 366	5 981
total assets (current account, securities) in € million	6 607	4 991
* Total commitment in excess of €100 million		
number of groups of counterparties	68	73
total weighted commitments in € million	15 805	24 511
of which total in € million	11 051	14 797
of which total outside guarantee and finance	4 754	9 714
total assets (current account, securities) in € million	10 427	15 737

source: monthly SRC table - Major Companies in scope of BFCM Group

There was no major risk in an amount greater than 25% of prudential capital.

Sectorial breakdown

	31/12/2009 in %	31/12/2008 in %
K - Financial and Insurance activities	32,19%	31,22%
L - Real estate business	16,95%	14,13%
C - Manufacturing Industry	10,39%	12,50%
G - Automobile and two-wheeler repair and maintenance	10,30%	10,97%
M - Specialist scientific and technical activities	7,67%	8,69%
F - Construction	7,86%	7,34%
H - Transportation and warehousing	2,45%	2,71%
I - Hospitality industry and restaurants	2,18%	2,42%
J - Information and communication	2,12%	1,95%
N - Administrative and support services	2,12%	1,80%
D - Gas and electricity production and distribution		1,09%
Q - Human health and social action	1,02%	1,07%
A - Agriculture, forestry and fishing	1,00%	1,04%
Subs. total	96,25%	96,94%
NACE CODES (UPPER LEVEL) LESS THAN 1% OF TOTAL NACE	3,75%	3,06%
Sub. total NACE	100,00%	100,00%

source: risk monitoring

Source: Operational Risk Management

Sovereign risk

The outstandings on sovereign risks were less than €1 million.

Cost of risk suffers in recessionary climate

Doubtful debt rose to €9,335 million on December 31, 2009 as against €5,747 million on December 31, 2008, a rise of 20% (like-for-like).

Doubtful debt amounted to 5.9% of customer loans on balance sheet (4.6% like-for-like), as against 3.8% on December 31, 2008.

In an unusually unfavorable environment, the cost of risk was calculated as 1.04% of the total gross amount outstanding on December 31, 2009 (0.83% like-for-like).

Quality of customer risks (€ million capital end of month)	31/12/2009 (a)	31/12/2009 like-for-like	31/12/2008
Individually impaired receivables	9 335	6 899	5 747
Provisions for individual impairment	5 626	4 254	3 736
Provisions, collective	336	336	494
Overall coverage rate	63,9%	66,5%	73,6%
Coverage rate (by individual provisions only)	60,3%	61,7%	65,0%

Source: Accounts (a) including Targobank and Cofidis Group

Outstanding debt affected by failure to make repayments

Defaults affecting the repayment of customer loans not declassified as doubtful debt were as follows

	< 3 month	< 3 month - 3 month	< 6 month - 6 month	< 1 year - 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans and receivables	2 083 532	14 291	230	683	2 098 736
Central administrations	3 186	0	0	0	3 186
Credit institutions	16 891	0	0	0	16 891
Non credit institutions	937	0	0	0	937
Major companies	360 366	991	0	0	361 357
Retail customers	1 702 152	13 300	230	683	1 716 365
Total	2 083 532	14 291	230	683	2 098 736

(1) Available-for-sale or held-to-maturity debt securities

B.2 Interbank lending*

Geographical breakdown of interbank lending

Geographical breakdown of interbank lending	31/12/2009 in %	31/12/2008 in %
France	21,3%	26,2%
Europe outside France	47,8%	48,2%
Other countries	30,9%	25,6%

Source : scope of market activities - BFCM Group

The breakdown is based on the countries where the parent company operates.

In 2009, exposures mainly affected European banks (France, Germany, United Kingdom). Exposure to the banks in the most sensitive European countries fell significantly in 2009. Exposures to other countries related mainly to the major North American banks

* Numbers not audited by Statutory Auditors

Structure of interbank lending by internal credit rating

Structure of interbank lending by internal credit rating	Equivalent external rating	31/12/2009 in %	31/12/2008 in %
A +	AAA/AA+	0,9%	1,5%
A -	AA/AA-	8,7%	17,7%
B +	A+/A	42,8%	46,7%
B -	A-	26,0%	15,4%
C and below	BBB+ et moins	21,6%	18,2%
Not rated		0,0%	0,5%

The 2009 economic environment continued to weigh down on the quality of bank signatures and logically led to a deterioration in credit ratings.

The structure of debt nevertheless remains satisfactory, with 78% of interbank exposure in categories above or equal B- (equivalent to external ratings A-).

B.3 Derivative instruments and securities lending

The portfolios of securities are mainly the responsibility of financial market activity and only marginally of balance sheet management.

Debt securities (i€ million capital end of month)	31/12/2009 Book value	31/12/2008 Book value
Government debt	20 290	19 267
Bonds	68 477	75 095
Derivate instruments	5 095	12 361
Securities lending	15 829	12 767
Exposure, gross	109 690	119 490
Provisions for impairment of securities	-85	-216
Net exposure	109 606	119 274

II) Balance Sheet Management Risk

Organization of activity

The CM5 CIC Group has centralized the Group's balance sheet management functions, which were operated on a decentralized basis within an overall framework.

The decision-maker committees of the CM CIC Group, in the field of liquidity risk management and interest rate risk are as follows:

- The ALM Technical Committee manages the liquidity and interest rate risks in line with the risk limit in force in the CM CIC Group. It is made up of the managers of the relevant business lines (financial division

balance sheet management, refinance and treasury, risk management) and meets at least quarterly. The indicators adopted and taken into consideration at the consolidated and entity by entity levels, are static and dynamic lending/borrowing differentials, static interest rate differentials, and net banking income (NBI) and net asset value (NAV) sensitivities.

- The ALM monitoring committee made up of CM5CIC Group senior management examines changes in balance sheet risk and approves risk limits.

The decisions on hedging have as their purpose keeping risk indicators within the limits fixed both at the overarching CM5CIC level and for each of the entities making up the Group. Hedging was performed for the relevant entities depending on their needs.

The various balance sheet indicators are also presented on a quarterly basis to the CM5CIC Group risk committee.

The role and principles of balance sheet management are clearly defined:

- Balance sheet management is identified as a function distinct from market trading, with its own resources
- Its purpose is to protect commercial margins against changes in interest and foreign exchange rates, while keeping up a level of liquidity sufficient for the bank to meet its obligations and secure its interests in the event of a liquidity crisis.
- Balance sheet management is not a profit centre, but a function serving the profitability and development strategy of the bank, while contributing to the management of liquidity and interest rate risk affecting the retail network.

Balance sheet management falls within scope of the policy orientations of customer account management (terms and conditions), and under the rules governing internal transfers of business.

Management of interest rate risk*

Interest rate risk is generated by the bank's commercial trading activity, and arises from differences between the interest rate and the benchmark rates for sources and uses of funds. Analysis of interest rates also takes into consideration the volatility of the outstandings in products devoid of contractual end points and hidden options (options for early redemption of loans, for extension of loans, use of credit drawing rights, etc.).

Interest rate risk management for all financial transactions arising from the retail network business is both analyzed and wholly hedged to cover the residual balance sheet positions by so-called macro-hedging operations. Financial transactions when of high value or especially structured may require specific hedging. Risk limits are set in regard to the levels of annual net banking income for each banking entity and at Group level. The technical committee decides on the hedging to be introduced and allocates it on a pro rata basis to each entity.

The analysis of interest rate risks relies on the following indicators, updated on a quarterly basis.

1 – Static interest rate differential for on and off balance sheet elements where yield streams deemed certain over a forward period of 1 to 10 years, managed under limits from 3 to 7 years, and measured as a ratio of net banking income.

2 - "Inflation" static lending/borrowing differential for a forward period of 1 to 10 years

3 – Sensitivity of net interest margin calculated under national scenarios and framed by limits. This is measured by one year steps within a three year horizon and is expressed as a percentage of the net banking income of each entity.

Four scenarios are calculated:

- Scenario 1 (reference scenario): 1% rise in market rates and 0.33% rise in inflation
- Scenario 2: 1% rise in market rates and stable inflation

- Scenario 3: 2% rise in market rates and 0.66% inflation

* Numbers not audited by the Statutory Auditors

- Scenario 4 (stress): 3% rise in short term interest rates, 1% fall in long term interest rates, accompanied by flat inflation

On December 31, 2009, the net interest income of the BFCM and CM5CIC Groups was, under the reference scenario, exposed to falling interest rates. For these two scopes of consolidation, sensitivities were close:

- For the BFCM Group scope of consolidation (excluding the re-financing business), sensitivity was -€44.5 million in year 1 and -€96.6 million in year 2, which is 1.1% and 2.3% of forecast BNP for each year, respectively.
- For the scope of consolidation of the CM5CIC commercial bank (excluding the holding company), sensitivity was -€86.0 million in year 1 and -€156.0 million in year 2, equivalent to 1.5% and 2.7% of forecast net banking income for each year, respectively.

The risk limit (3% of net banking income at one year and 4% at two years) applied to the commercial bank were respected. Indicators in respect of rising interest rates of the CM5CIC commercial bank (excluding the holding company) were as follows:

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

4 – Sensitivity of Net Asset Value (NAV) arising from the application of the Basel 2 indicator:

The uniform application to the whole of the balance sheet of 200 bps both upside and downside, enables the measurement, as a percentage of capital, the change in net discounted value of the balance sheet according to various scenarios.

NAV sensitivity	% shareholders' equity
Sensitivity + 200 bps	-5.0 %
Sensitivity - 200 bps	+8.2 %

Groupe BFCM : Forward Schedule of static fixed-rate interest differentials *

MACRO-AGGREGATE	Outstanding Dec 31, 2009	1 year	2 years	5 years	10 years
INTERBANK ASSETS	42 208	2 229	1 398	104	4
CREDITS	113 726	67 550	56 503	34 391	14 146
SECURITIES	4 891	885	888	746	120
CAPITALIZED SECURITIES	18 201	14 583	14 438	14 310	13 581
OTHER ASSETS	10 413	0	0	0	0
Total Assets	189 439	85 248	73 227	49 551	27 852
INTERBANK LIABILITIES	-77 709	-12 432	-9 286	-1 844	-133
DEPOSITS	-59 777	-31 661	-28 545	-16 116	-7 576
SECURITIES	-26 215	-12 548	-11 494	-6 784	-3
OWN ACCOUNT	-11 655	-11 655	-11 655	-11 655	-11 655
OTHER LIABILITIES	-10 880	0	0	0	0
Total Liabilities	-186 236	-68 295	-60 979	-36 398	-19 367
Total Balance Sheet	3 203	16 953	12 247	13 152	8 485

OBS FINANCIAL ASSETS	55 779	16 670	13 245	3 452	213
OBS FINANCIAL LIABILITIES	-58 380	-27 498	-21 782	-8 886	-273
Total Off Balance Sheet	-2 601	-10 828	-8 537	-5 434	-60
Total all-inclusive	602	6 125	3 711	7 718	8 425

Technically, the ALM indicators are produced from the Almonde tool

* Numbers not audited by Statutory Auditors

Management of liquidity risk

The CM5CIC Group attaches great importance to the management of liquidity risk.

Group liquidity management policy relies on the following:

- Meeting the one month liquidity coefficient representing short term Group liquidity status.
- Determining the static lending/borrowing differential applicable to the contractual and agreed maturity dates including off balance sheet commitments. Transformation ratios (sources/uses of funds) are calculated on maturities from 3 months to 7 years and covered by target limits to secure and optimize the re-financing policy.
- Calculation of dynamic lending/borrowing differential over 5 years, including new lending. This calculation measures the finance required to develop new commercial business.
- Stress scenario for static lending/borrowing differential and transformation ratios, featuring a 30% drop in instant access sources of funds, and increased drawing on pre-approved borrowing entitlements.
- The ALM technical committee decides on liquidity hedging operations to be introduced in respect of all these indicators. Funds are allocated on a pro rata basis of aggregate requirements.

Breakdown of BFCM consolidated balance sheet by residual duration of future contractual cash flows (capital and interest)

in € million	2009 - residual contractual maturities -							
	< 1 month	< 3 month	< 1 year	< 2 years	< 5 years	> 5 years	Indeterminate	TOTAL
Assets								
Financial assets held for trading	2 783	1 051	3 660	3 363	5 564	5 942	322	22 686
Financial assets assigned to JV by P/L	7 854	5 150	2 185	33	1 436	61	699	17 418
Derivatives used for hedging purposes (assets)	12	1	546	14	43	30	1 016	1 662
Available-for-sale financial assets	702	571	2 982	2 869	12 147	10 068	3 507	32 846
Loans and receivables	32 073	9 438	15 993	80 558	44 327	72 017	2 986	257 392
Held-to-maturity investments	1	0	600	77	292	622	0	1 592
Other assets	704	10 704	2 993	4	343	92	290	15 130
Liabilities								
Deposits of Central Banks	260	0	1 004	0	0	0	0	1 265
Financial liabilities held for trading	801	211	1 301	932	2 722	3 809	8	9 784
Financial liabilities assigned to JV by P/L	15 870	14 293	7 892	0	0	0	0	38 055
Derivatives used for hedging purposes (liabilities)	8	9	1 599	79	1 821	237	1 002	4 755

Financial liabilities valued at amortized costs	94 428	43 475	37 870	64 122	18 602	26 100	9 547	294 145
<i>Excluding insurance activities</i>								

in € million	2008 - residual contractual maturities -							TOTAL
	> 1 month	> 3 month	> 1 year	> 2 years				
	< 1 month	< 3 month	< 1 year	< 2 years	< 5 years	> 5 years	Indeter- minate	

Assets								
Financial assets held for trading	1 021	1 040	7 283	4 622	6 144	7 261	450	27 821
Financial assets assigned to JV by P/L	4 281	7 461	2 299	197	1 139	293	664	16 334
Derivatives used for hedging purposes (assets)	114	2	410	23	124	213	3 577	4 463
Available-for-sale financial assets	826	467	2 278	3 843	7 556	14 875	4 630	34 473
Loans and receivables	32 963	12 603	14 813	17 810	101 629	69 538	2 741	252 097
Held-to-maturity investments	498	773	194	677	316	702	4	3 165
Other assets	561	11 022	1 791	34	26	3	1 079	14 517

Liabilities								
Deposits of Central Banks	1 963	306	50	0	0	0	0	2 319
Financial liabilities held for trading	830	619	5 692	893	2 724	3 138	369	14 264
Financial liabilities assigned to JV by P/L	10 895	14 973	5 183	101	0	0	0	31 151
Derivatives used for hedging purposes (liabilities)	143	0	1 213	39	189	482	5 809	7 878
Financial liabilities valued at amortized costs	108 377	58 833	29 171	11 349	60 987	19 602	11 943	300 256

Excluding insurance activities

Foreign Exchange Risk

The foreign exchange positions of each entity in the Group are automatically centralized in the CIC holding company and the BFCM.

Centralization takes place on a daily basis for commercial operations (transfers) and for foreign currency denominated cash-in and cash-outs.

The outcomes of foreign exchange transactions are translated into euros at the end of each month and the resulting foreign exchange position is also centralized.

Hence, no Group entity bears the forex risk at its level. The holding company takes responsibility for netting out the forex positions in the markets on a daily and monthly basis.

Only CMCIC Marchés market activities set and manage their own limits for foreign exchange positions.

The structural foreign exchange positions of the foreign currency holdings of foreign subsidiaries are not hedged.

The foreign exchange results are shown in the forex translation accounts as assets or liabilities, and therefore do not go through the profit and loss statement.

The results of the foreign subsidiaries are left in the foreign subsidiaries themselves, and hence become aggregates of the structural forex position.

Equity risk

The equity risks to which the BFCM Group is exposed are of two kinds.

The equities portfolios held for trading amounted to €2,241 million on December 31, 2009 as against €345 million on December 31, 2008 and related exclusively to CIC market activities (cf note 5a to the consolidated financial statements).

The equities accounted for by fair value hedges or through profit or loss were:

- €1,796 million fair value hedges of which €1,768 million were funds under management in the private equity business (cf. note 5a to the consolidated financial statements).
- €8,663 million shares owned by the GACM insurance division (cf. note 1.3.4. to the consolidated financial statements under unit account contracts operated by the insurance business to ensure consistency with the treatment of liabilities);

The stocks classed available for sale and securities held as fixed assets stood at €4,697 million and €2,223 million respectively (cf. note 7 to the consolidated financial statements).

Capitalized securities included:

a) shareholdings in subsidiaries for €1,410 million and shares in related companies in the amount of €420 million: the main securities under these headings being those in Banque Marocaine du Commerce Extérieur (BMCE Bank) in the amount of €756 million, securities in Républicain Lorrain for €95 million, securities in Banca Di Legnano in the amount of €80 million, securities in Crédit Logement in the amount of €62 million, securities in Foncière des Régions for €252 million and securities in the Caisse de Refinancement de l'Habitat (CRH – French housing re-financing organization) in the amount of €26 million;

b) The other securities held for the long term in the amount of €393 million included Veolia Environnement in the amount of €235 million and NYSE Euronext in the amount of €14 million.

Impairment of equity:

- Equities were reviewed to identify loss of value to be recorded on listed securities in the event of a significant or prolonged fall in their price below acquisition cost;
- Impairment entries in the profit and loss statement were made in the amount of €45 million in 2009 as compared to €481 million in 2008;
- On December 31, 2009, the acquisition value of shares subsequently impaired was €3,954 million and the corresponding of impairment entry was €1,535 million. Market value of equities was €2,419 million.

Private equity

The business operates through entities dedicated to this business line with a portfolio entirely valued by fair value hedges.

Investments break down into approximately 500 lines, mainly small and medium sized companies. Unlisted investments account to 74% of the portfolio by value.

Risks on Private Equity business

	31/12/2009	31/12/2008
Number of lines listed	77	58
Nombre of active lines, unlisted	436	439
Own account portfolio revalued, in € million	1 641	1 670
Value of third party funds under management, in € million	704	636
Number of third party funds under management	38	36

source: risk monitoring

III) Market activity risk

General organization

CM-CIC Marchés is the single umbrella entity for all BFCM and CIC market activities.

In the course of 2009, the market activities performed in CIC's foreign subsidiaries in New-York, London and Singapore were also placed under the responsibility of CM-CIC Marchés which accounted for 87% of the Group's market risks in terms of capital requirement.

Its activities are organized into three business lines: re-financing, commercial and own account.

Market trades are performed and recorded in the BFCM balance sheet for the re-financing business line, and in the CIC for the commercial and own account business lines. Commercial transactions performed in the regional banks are also recorded in the CIC balance sheet. Finally, market operations may also be processed and reported in foreign subsidiaries.

Re-financing business

A team dedicated to treasury management is responsible for re-financing the activities in retail banking and in the subsidiaries, corporate and specialist finance, own account business of CM-CIC Marchés and CIC Group liquidity instruments. Its policy is one of continuing diversification of its investor base working with teams based in Paris, Frankfurt and London.

The products traded are mainly money market instruments and interest rate and forex firm hedging instruments.

Over and above strict re-financing positions, the re-financing business also has a liquidity portfolio of available for sale securities mainly made up of bonds issued by financial institutions presenting good quality credit rating (at least investment grade).

Commercial business

The sales teams operating from Paris or within the regional units have a unified range of tools and products. A dedicated technical facility known as CAR (*Conception Adossement Retournement* or Design Backing Reversal) has been set up to seek the best prices, keep up commercial margins and ensure the reversal of foreign exchange and interest rate positions.

The Commercial business line may also involve the sale of available-for-sale products such as Libre arbitre or Stork (Commercial Own account). The target investors are the companies serviced by the various CM-CIC retail networks, and also a customer base of private investors.

Own Account Business

At the beginning of 2009, the own account business was re-organized into four lines: securities - hybrids, credits (spreads), interest rates and volatility. These activities are themselves sub-divided into businesses determined by the Group's body of rules. *Necessarily required to be value creating in a framework of well managed risk, the purpose of this business is commercial development through the marketing of new products.*

Description of control structures

In the course of 2009, the control department continued to work hard to improve its organization and its monitoring methodologies. Procedures, performed in the context of a unified system of limits, were changed to take into consideration risk calculation under Basel 2 Standards and the calculation of profit under IFRS. Committees meet regularly to provide overall supervision of the control division.

A set of methodologies and procedures are formalized in a body of rules. Having begun in 2007, the complete operational deployment of this body of rules was completed in 2008. Updates have been regularly made throughout 2009, aiming at the inclusion of new products and improvement in the monitoring of risk measurement. All the procedures may be consulted by CM-CIC Marchés staff through dedicated intranet.

The market activities of the CIC Group rely on the organization of the following controls:

- all of the activities (front office, post-market) are attached to a member of the CIC Board, who reports to the CIC Board and to the BFCM Board of Directors;
- the units enacting transactions (front office) are separate from those with responsibilities for supervision of risks and results (control), and from the providers of validation, settlement and accounting services (back office);
- the control organs answer to the Group risk division, which draws up monitoring tables summarizing the Group's risk exposures and ensures that levels of capital are approved by the BFCM Board of Directors and the CIC Board;
- the permanent control system, which is reliant on first level controls for which three teams are deployed:
 - risk-results control (CRR) which approves new lending, transactions or issuances and performs daily monitoring of results to ensure compliance to limits,
 - regulatory and accounting control (CCR) with responsibility for the reconciliation of accounting and economic results, and for regulatory aspects,
 - legal control by CM-CIC Markets, which has responsibility for first level legal considerations;
- second level control organized around the following teams:
 - permanent market business line control (CP-M Marchés) attached to the permanent business line control, oversees the permanent first level control exercised by CM-CIC Marchés and independently performs on its own direct control on activities.
 - The CIC Group engagement division checks compliance to credit procedures and monitors outstanding risks in relation to Groups of counterparties,
 - CIC Group legal and tax department works with the CM-CIC Marchés legal team,

- CIC Group financial division supervises accounting schedules, the accounting plan and regulatory and accounting controls;
- CM5-CIC Group business line periodical control is involved with a specialist team of inspectors to provide periodical control and an assurance of compliance in regard to market activities;
- The back office is organized by product lines. The various teams work in two sites in Paris and Strasbourg to perform the administrative processing of transactions;
- finally, market activities come under the control of two committees:
 - market risk committee (CRM) meeting monthly with responsibility for monitoring the strategy adopted, the results and risks within the limits set by the Board, supervises the market activities of the foreign subsidiaries from the risk exposure angle,
 - weekly management committee coordinating operational aspects such as information systems, budget, human resources and procedures.

Risk management*

The system for limiting market risk relies on:

- overall limits on regulatory capital (CAD/ESR) and VaR;
- rules and internal scenarios (CAD risks, historic VaR and stress tests) for the conversion of exposures into potential losses.

Limits (stops) apply to the different types of market risk (interest rate, foreign exchange, securities and signature risk). They are divided into sub-limits by type of risk for each of the scope of activity.

Risk monitoring involves first level indicators (sensitivity to different market risk factors). These are mainly intended for operators. Second level indicators (potential losses) provide more easily accessible overviews of risks for decision-making bodies.

The prudential capital allocation on December 31, 2009 in the own account and commercial business fell by 25% in fiscal 2009. An additional 15% fall is expected in 2010.

The RMBS activity performed in the New-York subsidiary saw its prudential capital requirement rise substantially in spite of lower investment volumes, which was due to the deteriorating credit risks on portfolio securities managed with a view to winding down of positions and final disposal.

The CM-CIC Marchés day-to-day treasury position should not exceed a set limit including an intermediary alert threshold. These levels are defined by the senior management and approved by the Board.

The main market trading risk exposure is in the following activities:

- *Hybrids*: beginning in January with €124 million, the capital allocation to risk coverage fell to €83 million in June, before rising in the second half to around €100 million at year-end. This latter trend was due to the regular rise in investment volumes over the period. The stock of convertible bonds rose to €3 billion at end 2009 (as against €2 billion in 2008);
- *Credit*: positions are either securities/credit default swap (CDS) arbitrages, or credit correlation positions (ItraXX/CDX branches), or asset backed securities (ABS) positions. In regard to the prudential capital to cover these risks, the allocations to credit arbitrage portfolios and ABS were mainly due to portfolios reaching maturity. CAD allocations remained flat around €30 million on the credit arbitrage portfolio in the first half, before falling to €22 million in December. The ABS portfolio followed the same trend with prudential capital under CAD of €65 million during the first half, falling to €46 million at year-end. Reductions in credit risk (ESR) were the result of the unwinding of a number of positions classed AFS. Hence ESR fell at year-end to €37 million in credit arbitraging and to €26 million in ABS. The credit correlation business, exclusively based on ItraXX/CDX tranches saw risk fall regularly as positions were reduced. Hence prudential capital under CAD began the year at €76 million and ended at €12 million in December, having during the year stabilized for relatively short periods at around €50 million and €30 million;

* Numbers not audited by Statutory Auditors

- *M&A and other equity risks*: the capital requirement under CAD on these portfolios began the year at €6.5 million and rose to €44 million in September before falling back at year-end 2009 to €26 million. The main reason for this was mergers and acquisitions (both take over bids and public offers of share exchange). The capital requirement under CAD for this business line was particularly penalizing, as according internal risk management, potential losses were around three times less. M&A business amounted to €271 million at end December, as against €62 million in 2008;
- *Fixed income*: positions were in curve arbitraging, most frequently involving on an underlying security. Note also additional arbitraging between OECD government securities of the same maturity but from different issuers, or from the same issuer but for different maturities. The Capital Adequacy Directive requirement was around €55 million, close to last year. The “papers vs. swaps” business remained broadly unchanged on 2008 at €12.6 billion.

Credit derivatives

Credit derivatives are used in the Group by CM-CIC Marchés. They are accounted for in its trading portfolio.

The control arrangement includes these products in the credit counterparty risk supervision and management process.

The trading room, for its part, complies with the issuer counterparty risk limits for all forms of underlying securities. Liabilities are tracked on a daily basis and kept under periodical review by specialist bodies (engagement committee, market risk committee).

IV) European Solvency Ratio (ESR) *

Under article 4.1 of CRBF regulation n°2000-03 of September 6, 2000 on the prudential oversight of consolidated core capital including additional supervision, BFCM, as part of the CM5-CIC consolidation, is not required to comply with subadditivity in terms of management ratios, nor with the provisions for internal capital adequacy ratios under article 17b of regulation CRBF n°97-02. This exemption also applies to the Basel 2 procedure (see article 1 CRBF ruling February 20, 2007).

The following elements (including information on the presentation procedures and comments on operational risk), relate to the parent company CM5-CIC.

Since January 1, 1996, market risks, mainly interest rate risk, foreign exchange risk, equity risk and settlement/counterparty risks on the bank trading portfolio are subject to the capital requirements of the European capital adequacy directive (CAD).

The global capital requirement is therefore equal to the aggregate of the capital requirement to cover credit risks in respect of all the weighted risks (excluding the trading portfolio), and of the requirement to cover market risks on the trading portfolio and possibly the requirement in respect of major risks.

The Group calculates the capital requirement to meet market risks using the standard regulatory model. The capital adequacy ratio is 8% of net weighted risks.

Since January 1, 2008, the CM5-CIC Group has been subject to a solvency ratio calculation as defined by ministerial decision of February 20, 2007 (Basel 2).

In this framework, the weighted risks as at December 31, 2009 should be at least equal to 80% of the risks calculated under regulation CRBF 91-05 and 95-02 (Basel 1).

The consolidated European Solvency Ratio (ESR) for the CM5-CIC Group (the shareholder group owing the BFCM) is as follows:

* Numbers not audited by Statutory Auditors

Basel 2 Solvency Ratio
CM5 CIC Group on December 31, 2009

(In €(million))	31/12/2009	31/12/2008
TOTAL PRUDENTIAL CAPITAL	17	17
Core Capital - Tier 1	17 915	16 766
Of which 50% 'Expected Losses – Provisions' to be deducted	-18	-68
Of which 50% 'Shareholdings in Credit Institutions' > 10% to be deducted	-607	-390
Additional Capital – Tier 2	3 600	3 927
Of which 50% "Expected Losses – Provisions" to be deducted	-18	-68
Of which 50% "Shareholdings in Credit Institutions" > 10% to be deducted	-607	-390
Deduction of Core and Additional Capital	-4 186	-3 573
Net Capital	17 330	17 120
CAPITAL REQUIREMENT ON CREDIT RISK	12 184	11 807
CAPITAL REQUIREMENT ON MARKET RISK	322	372
CAPITAL REQUIREMENT ON OPERATIONAL RISK	1 155	758
CAPITAL ADDITIONAL REQUIREMENT FOR FLOOR LEVELS	242	2 335

TOTAL SOLVENCY RATIO*	9,97 %	8,93 %
(Including additional requirement for floor levels)		
Of which TIER 1 ° SOLVENCY RATIO (on core capital)	10,30 %	8,73 %

Capital requirement = Weighted risks X 8%

* Solvency ratio = Prudential capital / Weighted risks

V) Operational risks

Under Basel 2 prudential regulations, the Credit Mutuel Group has progressively and since 2002 introduced a comprehensive system for the management of operating risks, under the responsibility of a senior management and a single risk reference framework and common methods of quantitative evaluation.

The Group has set up an overall operational risk management facility, operating to clearly identified procedures, whose operations are in practice allocated to national level functions and regional level functions. The overall risk management function covers operating risks, business continuity plans and insurance coverage for these risks.

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

Hence, CM-CIC has set up a comprehensive, structured and coherent arrangement enabling the mapping of risks, taking into consideration the potential for generic risk and summaries thereof in the 8 business lines and for the 7 risk events identified in Basel 2, making the connection between actual risks and potential risks.

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

Main goals

An operational risk management policy has been introduced in the pursuit of the following goals:

- contribution to the overall management and conduct of Group business by the proper management of risks and related costs;
- from the human point of view, protect persons, develop responsibility, independence and controls, capitalize on Group skills;
- from the economic point of view, preserve margins by ensuring the most efficient possible risk management in all

activities, whilst ensuring return on investment by the introduction of regulatory compliance, optimize the capital allocation to cover the cost of risk, and adjust insurance programs to the coverage of identified risks;

- from the regulatory point of view,; respond efficiently and effectively to Basel 2 regulations and to requests from the supervisory authorities, rely on internal controls (CRBF 97.02), optimize business continuity plans (BCP) in the core businesses, and refine financial communication to meet new needs (pillar 3 of Basel 2).

Role and positioning of operational risk management function

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

The regional function implements the procedures and undertakes assessments consistent with the overall approach. The regional function is under the leadership of a regional operational risk manager.

Procedure for measuring and managing operational risk

The mapping of homogeneous risks by business line and type of risk is performed for all activities on the basis of expert evaluation, and followed up by probabilistic modeling. The validation of the modeling is performed by the operational technical risk committee. The allocation of capital is calculated at the national level and reallocated regionally.

The general orientations for operational risk reduction include:

- effective prevention actions identified during risk mapping and directly implemented by operational staff, or by means of permanent controls;
- protection actions, where the priority is the broad adoption of business continuity planning on a business line basis, including the logistics and IT back-up to central business activities, so as to limit the serious effects of a disaster or similar major loss event.

Coherent crisis management procedures have been adopted and implemented within the Group, and, linking up with the inter-bank market procedures, have been widely rolled out. They cover crisis communication and the three phases of business continuity planning: back up plan, continuity plan, and return to normal plan.

The programs to finance operational risks are reviewed in line with the results of risk assessment, after risk management and containment action has been set in train, in line with the following principles:

- underwriting insurance contracts for insurable serious and major risks and developing Group self-insurance both in the event of insurer excess clauses being invoked and to cover intra-group risks;
- assure frequency risks when justified or finance such risks by set-asides from operating accounts;
- risks of such magnitude that they cannot be insured and the balance of uninsurable risks are covered by prudential capital reserves;
- the major risks affecting interbank systems of exchange and payment are covered by the liquidity reserve fund set up by the system to make the relevant allocations.

Reporting and general management

The implementation of the operational risk management policy and risk profile are monitored on the basis of key indicators, thresholds and alerts, which take into consideration the assessment of potential risk, trends in risk events, the effectiveness of reduction measures and relevant decisions for finance in this context. All the above gives rise to regular information flows towards the executive decision-making organs of the company, based on compliance to requirements of CRBF 97-02.

Documentation et procedure

The Group has made provision for the implementation on a continuous basis of procedures approved by decision-making bodies, including:

- Governance: general governance covering the role and composition of the various decision-making organs, the content, periodicity and destinations of reporting documents, the range of loss assessment and the

periodicity of updates;

- Collection of risk information: general procedure for information collection, processing of boundary risks, qualitative review of the database on losses;
- Measurement system: general procedure for advanced measurement, methodology for mapping and probabilistic modeling, risk indicator collection procedure with focus on risk in information systems, calculation of net banking income by business line, capital allocation key, COREP declarations.

Business continuity planning (BCP)

Business continuity planning covers the protection actions implemented by the company to limit the seriousness of an actual risk or loss event as part of its program for the management of operational risks.

A “business continuity planning development methodology” has been designed and is the framework document for the Crédit Mutuel-CIC Group. The document is available to all teams with business continuity planning responsibilities and is applied at regional group level.

Business continuity plans are identified as of two types:

- Business line business continuity plans to cover a given bank business with connections to one of the Basel 2 business lines;
- Cross departmental business continuity plans applicable to the business lines whose purpose is to provide other business lines with operational resources, namely business continuity plans for logistics, human resources and information systems.

These business continuity plans are three-phase:

- Immediate back-up plan comprised of actions to deal with emergencies and set up solutions for degraded operations;
- Continuity plan for recovery in a degraded environment according to the procedures adopted prior to the disaster itself;
- Return to normal plan, preparations for which begin soon after the inception of the business continuity plan; the time to implement the return to normal plan will depend on the scale and effects of the disaster.

Crisis management and related organizational procedures

Crisis management procedures are implemented at Group level and in the regions. They cover communication and the set-up of the most efficient organization possible to manage the three phases of back-up plan, continuity plan and return to normal plan.

The crisis management procedures are based on:

- Crisis committee taking basic decisions, deciding on priority actions and handling internal and external communication. The crisis committee is presided by the senior manager at regional level, and at national level by the Chief Executive Officer;
- The crisis cell centralizes information, implements decisions taken and follows up their performance;
- A crisis contact-point by business line provides the in-field coordination for crisis management operations, in constant connection to the crisis cell, which is critical in the activation of the business continuity plan, which stays in force until return to normal.

Insurance as means to reduce prudential capital allocation

CM-CIC has an insurance program providing cover for damage to goods, property, professional legal liability and executive liability.

The Group expects to be able to use this program to reduce the regulatory capital allocation to operational risks.

Training

The Group, on a yearly basis, organizes training actions in operational risks for the network managers, internal controllers and operational staff with responsibility for risk management and follow-up.

2009 Inventory of BFCM loss events

Total loss events affecting BFCM Group amounted to €59.5 million, of which €37.1 million losses, and an additional €22.4 million changes in provisions (+/- allowances for and write-backs of reserves).

The total loss events were as follows:

- Fraud: €21.6 million
- Work relations: €18.9 million
- Human error or procedural failure: €9.3 million
- Legal: €8.1 million
- Natural event and system dysfunction: €1.6 million

The main causes of loss remain fraud and work relations (individual disputes with employees or former employees settled by legal proceedings or private treaty), and involuntary errors.

VI) Other risks

Legal risks

Legal risks are part of operational risks and cover among others the exposure to fines, penalties and compensation *claims for failures or dysfunctions ascribable to the company and its operations*.

Industrial and environmental risks

Industrial and environmental risks are part of operational risks and their analysis is performed from the point of view of endogenous system failures and exogenous cataclysms (one hundred year flood levels, downpour, earthquake, pollution), including their impact on the company and the means of prevention and protection to be implemented notably by means of crisis management and business continuity planning.

5.4 Consolidated financial statements

The financial statements are presented on the following pages.

Consolidated financial statements of BFCM IFRS on December 31 2009

Bilan actif - IFRS

En millions	Dec. 31, 2009	Dec. 31, 2008	Notes
Loans to and receivables from credit institutions	8 054	13 487	4a
Financial assets at fair value through profit or loss	51 628	56 184	5
Derivatives used for hedging purposes - Assets	1 710	4 514	6
Available-for-sale financial assets	67 448	64 466	7
Loans to and receivables from credit institutions	105 547	104 743	4a
Loans to and receivables from customers	152 072	147 689	8a
Goodwill of interest rate hedge portfolios	522	462	6b
Held-to-maturity financial assets	7 672	8 228	9
Tax assets, current	676	709	13a
Tax assets, deferred	1 128	1 457	13b
Accrued income and other assets and liabilities	15 543	15 117	14
Share in deferred profit	0	1 154	
Shareholdings in companies consolidated by the Equity Method	615	440	15
Investment property	1 059	880	16
Property, plant and equipment	1 955	1 748	17a
Intangible assets	896	482	17b
Goodwill	3 990	3 462	18
Total de l'actif	420 516	425 223	

Bilan passif - IFRS

En millions	Dec. 31, 2009	Dec. 31, 2008	Notes
Due to credit institutions	1 265	2 319	4b
Financial liabilities at fair value through profit or loss	47 839	47 112	5b
Derivative hedging instruments	4 755	7 878	6a
Due to credit institutions	91 481	101 220	4b
Customer deposits	105 649	88 306	8b
Securitized debt payables	86 969	100 639	19
Goodwill of interest rate hedge portfolios	-1 777	-1 375	6b
Tax assets, current	268	182	13a
Tax assets, deferred	988	772	13b
Accrued income and other assets and liabilities	10 892	13 178	14b
Technical provisions of insurance contract	51 004	45 834	20
Provisions	1 074	815	21
Subordinated debt	7 819	8 791	22
Total shareholders' equity	12 290	9 553	
Shareholders' equity, attributable	9 409	7 630	
Capital and capitalized reserves	1 880	1 880	23a
Consolidated reserves	6 774	6 853	23a
Gains and losses directly booked into shareholders' equity	-53	-1 131	23c
Profit for financial year	808	29	
Minorities' interests	2 881	1 922	
Total liabilities	420 516	425 223	

PROFIT AND LOSS STATEMENT - IFRS

En millions	Dec. 31, 2009	Dec. 31, 2008	Notes IFRS
Interest and equivalent income	16 289	18 980	25
Interest and equivalent expense	-11 787	-17 421	25
Commissions (income)	2 965	2 292	26
Commissions (expense)	-850	-802	26
Net gain or loss on available-for-sale financial instruments	448	371	27
Net gain or loss on available-for-sale financial assets	-37	-254	28
Income from other activities	9 740	5 513	29
Expense from other activities	-8 860	-4 778	29
Net Banking Income IFRS	7 908	3 901	
General operating expenses	-4 211	-2 996	30a,30b
All/rev of amortization and provisions for tangible and intangible financial assets	-237	-158	30c
Gross operating income IFRS	3 461	746	
Coût du risque	-1 892	-1 016	31
Operating income IFRS	1 569	-270	
Share in net income of companies consolidated by the Equity Method	55	96	15
Gains or losses on other assets	3	8	32
Change in value of goodwill	-124	0	33
Profit before tax IFRS	1 504	-167	
Corporation tax	-475	304	34
Résultat net	1 029	138	
Minorities' interests	221	109	
Net income, attributable to Group	808	29	

Schedule of profit and loss directly booked into shareholders' equity

€ million	Dec. 31, 2009	Dec. 31, 2008	Notes IFRS
Net income	1 029	138	
Translation variance	-23	15	
Revaluation of available-for-sale financial assets	1 263	-1 798	
Revaluation of derivative hedging instruments	-31	-10	
Revaluation of fixed assets	0	0	
Share in unrealized or deferred gains/losses of companies consolidated by the Equity Method	6	-27	
Total profit or loss directly booked into shareholders' equity	1 214	-1 820	23c,23d
Net profit or loss directly booked into shareholders' equity	2 243	-1 682	
Of which attributable	1 886	-1 607	
Of which minorities' interests	357	-75	

Headings relating to profit and loss directly booked into shareholders' equity are presented net of tax.

CASH FLOW STATEMENT

	Full year 2009	Full year 2008
Net profit	1 028	136
Tax	475	-304
Profit before tax	1 503	-168
+/- Net allowance for amortisation of tangible and intangible assets	252	156
- Impairment of goodwill and depreciation of other fixed assets	1	1
+/- Net provisions	1 565	1 429
+/- Share in profit of companies consolidated by equity method	-45	-77
+/- Net loss/gain on investment activities	-3	-90
+/- (Income)/expenses of financing activities	0	0
+/- Other movements	675	-1 822
=Total non-monetary items included in net profit before tax and other adjustments	2 445	-402
+/- Cash inflow/outflow relating to inter-bank transactions	-18 030	7 182
+/- Cash inflow/outflow relating to customer transactions	19 761	-8 111
+/- Cash inflow/outflow relating to transactions related to other financial assets or liabilities	-10 393	8 221
+/- Cash inflow/outflow relating to transactions related to other non-financial assets or liabilities	-1 899	-4 006
-Tax paid	-375	-221
= Net decrease/ cash related to operating assets and liabilities	-10 935	3 065
TOTAL NET CASH FLOW/RELATED TO OPERATING ACTIVITIES	-6 987	2 495
+/- Cash inflow/outflow relating to the acquisition and disposal of financial assets and long term investments	1 386	-2 501
+/- Cash inflow/outflow relating to investments in real estate	-191	34
+/- Cash inflow/outflow relating to tangible and intangible assets	-345	-267
TOTAL NET CASH FLOW/RELATED TO INVESTMENT ACTIVITIES	850	-2 733
+/- Cash flow to and from shareholders	-60	-241
+/- Other net cash flows arising from financing activities	-618	1 169
TOTAL NET CASH FLOW/RELATED TO FINANCING ACTIVITIES	-678	927
EFFECT OF CHANGES IN FOREIGN CURRENCY ON CASH AND CASH EQUIVALENT	19	8
Net inflow (outflow) in cash and cash equivalents	-6 795	697
Net cash flow generated by operating activities	-6 987	2 495
Net cash flow generated by investment activities	850	-2 733
Net cash flow related to financing activities	-678	927
Effect of change in foreign currency on cash and cash equivalent	19	8
Cash and cash equivalents, opening balance	11 462	10 765
Cash accounts and accounts with central banks (assets and liabilities)	11 172	6 023
Net balance of accounts, on demand deposits/loans with banks	290	4 742
Cash and cash equivalent, closing balance	4 667	11 462
Net balance of cash accounts and accounts with central banks	6 790	11 172
Net balance of accounts, on demand deposits/loans with banks	-2 123	290
NET CASH FLOW VARIATION	-6 795	697

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

€ millions	Capital	Additional paid-in capital	Consolidated reserves (1)	Translation reserve	Capital gains/losses, unrealized or deferred (net of Corporation Tax)		Net profit attributable	Shareholders' equity, attributable	Minorities' interest	Consolidated shareholders' equity, total
					Fair value changes in available-for-sale financial assets	Fair value changes in hedging derivative instruments				
Shareholders' equity January 1, 2008	1 302	578	5 688	-44	508	-3	1 464	9 493	1 785	11 278
Increase in capital										
Appropriation of profit financial 2007			1 464				-1 464			
Dividend distribution 2008 paid out on financial 2007			-195					-195	-47	-242
Sub-total movements due to shareholder relationships			1 269				-1 464	-195	-47	-242
Change in gains / losses directly booked as shareholders' equity					-1 626	-10		-1 636	-184	-1 820
Profit for year ending December 31, 2008							29	29	109	138
Sub-total					-1 626	-10	29	-1 607	-75	-1 682
Effects of change of scope of consolidation			-59					-59	255	196
Change in foreign exchange rates				-1				-1	4	3
Shareholders' equity December 31, 2008	1 302	578	6 898	-45	-1 119	-12	29	7 631	1 922	9 553
Shareholders' equity on January 1, 2009	1 302	578	6 898	-45	-1 119	-12	29	7 631	1 922	9 553
Increase in capital										
Appropriation of profit financial 2008			29				-29			
Dividend distribution 2009 paid out on financial 2008									-60	-60
Sub-total movements due to shareholder relationships			29				-29		-60	-60
Change in gains / losses directly booked as shareholders' equity					1 059	-31		1 028	136	1 164
Profit for year ending December 31, 2009							808	808	221	1 029
Sub-total					1 059	-31	808	1 836	357	2 193
Change in gains / losses directly booked as shareholders' equity			-113		50			-63	666	603
Change in foreign exchange rates				5				5	-4	1
Shareholders' equity December 31, 2009	1 302	578	6 814	-40	-10	-43	808	9 409	2 881	12 290

(1) Reserves as at December 31, 2009, in the amount of €108 million for the legal reserves, of €914 million for the reserves required by company Statutes (Objects and Articles of association) and €5,815 million other reserves

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: PRINCIPLES AND ACCOUNTING METHODS

1.1 Accounting reference framework

Under regulation (CE) 1606/2002 on the application of international accounting standards and regulation (CE) 1126/2008 for their adoption, the consolidated financial statements were drafted according to the IFRS reference framework adopted by the European Union as at December 31, 2009. This includes standards IFRS 1 to 41, IFRS standards 1 to 7 and their SIC and IFRIC interpretations adopted as of this date. The documents in summary form are presented in recommendation CNC 2004-R.04.

Standard IFRS 8 and IAS 1 revised in 2007 were applied for the first time since January 1, 2009. Standard IFRS 8 has no impact on the presentation of the financial statements. The financial statements were adjusted to make them compliant to IAS 1.

Since January 1, 2009, IFRS 7 has been applied as amended..

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

1.2 Scope and methods of consolidation

Scope of consolidation

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

The scope of consolidation is comprised of:

- **Entities under exclusive control:** presumption is made of exclusive control when the Group directly or indirectly owns a majority stake in the equity or majority of voting rights or the power to appoint the majority of the members of the organs of administration, management, or supervision, or when the Group exercises a dominant influence. The financial statements of entities controlled in an exclusive manner are wholly consolidated.
- **Entities under joint control:** joint control is exercised by virtue of a contractual agreement, or of the shared control of an economic activity, irrespective of the structure or form under which that activity is undertaken or performed. The entities under joint control are consolidated by the proportional method.
- **Entities under notable influence:** these are the entities which are not controlled by the consolidating entity, but over which there is the ability to contribute to the financial and operational policies. The share capital of the entities in which the Group exercises a notable influence is consolidated by the equity method.

The entities controlled or under notable influence which are not by nature significant in regard to the consolidated financial statements are excluded from the scope of consolidation. The situation is deemed to arise when the total balance sheet or profit and loss of the company in question has an effect no greater than 1% on the equivalent consolidated or sub-consolidated entity (in the event of tiered consolidation). This quantitative criterion is of relative importance only, as an entity may be part of the scope of consolidation irrespective of the 1% threshold, provided its activity or intended business development makes that entity a strategic investment.

A special purpose entity is consolidated if the conditions set out under SIC 12 are met (activities of an entity undertaken on the exclusive account of the Group, decision-making power or management power resulting in the appropriation of the majority of gains arising from the day-to-day activities of that entity, ability to benefit from the rewards generated by that entity, assumption of the majority of risks).

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

❑ Changes in the scope of consolidation

The changes in the scope of consolidation as at December 31, 2009 are as follows:

- Entry into the consolidation:

Groupe COFIDIS: C2C, COFIDIS Argentina, COFIDIS Belgium, COFIDIS Spain, COFIDIS France and branches, COFIDIS Italy, COFIDIS Participations, COFIDIS Portugal, COFIDIS Czech Republic, COFIDIS Romania, COFIDIS Slovakia, CREATIS, CREFIDIS, Monabanq

Other: Agence Générale d'Informations Régionales, Banca Popolare di Milano, CARMEN Holding, CMCIC Home Loans, CCMCIC Leasing GMBH, DARCY Presse, Delaroche, Documents AP, Est Bourgogne Rhône Alpes (EBRA), Gazette Indépendante de Saône et Loire, Groupe Progrès, IMMO CITY, Informatique pour la Communication, JEAN BOZZI Communication, La Tribune, Le Bien Public, Le Dauphiné Libéré, Les Journaux de Saône et Loire, Lyon Plus, Presse Diffusion, PROMOPRESSE, PUBLIPRINT Dauphiné, PUBLIPRINT Province N°1, RHONE ALPES Diffusion, RHONE OFFSET Presse, Royal Automobile Club of Catalonia (Universal Assistencia de Seguros y Reaseguros), SA Lyonnaise de Télévision, SCI 6 Place Joubert, SCI du Palais, SCI Hôtel de Ville, SCI Le Progrès Confluence, weekly and local periodicals publishing companies.

- Exit from the consolidation:

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

Methods of consolidation

Methods of consolidation used were as follows:

❑ Full consolidation

This method consists of replacing each of the liability and asset items of each subsidiary at values commensurate with that of its shareholders' equity whilst isolating the equitable interest of the minority shareholders and their claim on profits. The method is applicable to all entities under exclusive control, including those whose accounting structure is different, whether or not the business or activity undertaken is an extension or otherwise of the activity of the consolidating entity.

❑ Proportional consolidation

This method involves the consolidation of the interest of the consolidating entity in the consolidated entity, after restatements if necessary, so that no allowance is made for minority shareholdings. This method is applicable to all entities managed under joint control, including entities which do not have in common the same accounting structures, and which is applicable whether or not the business activity of the consolidated party is an extension of the business of the consolidating party.

❑ Consolidation by the equity method

This involves substituting for the value of the stocks, the equitable interest of the Group and its share in the earnings of the relevant entities, attributable to the Group as the consolidating entity. This method is applied to entities under the joint control of the consolidating company or under its notable influence.

Date of close-out

All the companies of the Group falling within the scope of consolidation close out their parent company financial statements on December 31.

Elimination of reciprocal transactions

Reciprocal transactions and the profits arising from disposals between entities within the Group and which have a significant effect on the consolidated financial statements are eliminated.

Receivables, debts, reciprocal engagements, internal expenses and income are eliminated for the wholly consolidated entities.

Foreign currency translation

In regard to the foreign-currency denominated financial statements of foreign entities, the balance sheet is translated using the official exchange rate on the date of close-out. The differences in respect of capital, reserves, and retained earnings are recorded in shareholders' equity, under the account "Translation reserves". The profit and loss statement is translated using the average exchange rate for the financial year (the Group considers that the difference arising from the application of the translation rate as of the dates of transaction is not in this instance significant). Translation differences are directly recorded as they arise in the translation reserves account, the difference being written back into profit (or loss) in the event of a disposal or liquidation of all or part of the shareholding in the foreign entity.

The Group opted for zeroing out of translation reserves in the opening balance sheet of January 1, 2004, as allowed for by IFRS 1.

Goodwill

□ Goodwill on acquisition

On taking control of a new entity, the assets, liabilities and operational liabilities if any, are valued at fair value. Any difference between fair value and book value is accounted for as goodwill.

□ Goodwill

In accordance with IFRS 3, on the date of taking control of a new entity, the assets and potential liabilities are assessed at fair value. The difference between the acquisition price of the shares acquired and the total valuation for assets, liabilities and potential liabilities, is known as goodwill. A positive goodwill entry is recorded on the asset side, and if negative, is immediately accounted for in the profit and loss statement as "Changes in goodwill".

In the event of an increase in the percentage interest acquired by the Group in an entity already under its control, the difference between the acquisition cost of the securities and the additional equitable interest in the consolidated entity as valued on the acquisition date, gives rise to a book entry under shareholders' equity.

The Group regularly and at least once a year performs goodwill impairment tests whose purpose is to ensure that the goodwill has not suffered loss of value. If the salvage value of a cash flow generating unit to which goodwill is assigned is less than its book value, an impairment entry in the amount is recorded. The impairment entry in the profit and loss statement is irreversible. In practice, cash flow generating units are defined in respect of the business lines that form part of Group operations and associated monitoring procedures.

1.3 Accounting principles and methods

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

- The use of fair value or a re-valuation to assess the presumed cost of fixed assets at time of conversion. This option may apply to any tangible asset or intangible asset meeting the re-valuation criteria or any investment property valued on a cost basis. The Group has chosen not to adopt this option;
- Immediately record under shareholders equity the actuarial differences relating to employee benefits. This option has not been implemented by the Group;
- The Group has opted for the zeroing out of conversion reserves.
- The valuation at market price of certain liabilities issued by the company not forming part of the trading portfolio
- The Group adopted the principle of eligibility for fair value hedging of the macro-hedging operations performed as part of the asset/liability management of fixed income positions (including in particular customer instant access deposits) as authorized by regulation no. 2086/2004 of the European Commission.

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

1.3.1 Loans and receivables

Loans and receivables are fixed income or determinable financial assets not listed in an active market which are not intended for sale at the time of their acquisition or granting. They include loans directly granted or contributions to syndicated loans, loans acquired and debt instruments not listed in an active market. They are accounted for at fair value, which is generally the net amount paid out at the time they are entered onto the balance sheet.

The interest rate applied to loans granted are presumed to be the market rates, to the extent that the scales are permanently adjusted as a function of the interest rates of the overwhelming majority of competing establishments. These outstandings are then valued at the subsequent close-out dates at amortized cost using the effective interest rate method (except for those securities accounted for by fair value hedging).

Commissions directly related to setting up the loan, whether received or paid, and in the nature of interest are spread over the loan term according to the effective interest rate method, and are recorded in profit and loss statement under the interest heading.

The fair value of credits is shown in the notes to the financial statements on each date of close-out, and corresponds to the discounting of estimates of future cash flow to present day value, based on a zero coupon interest rate curve.

1.3.2 Provisions for the impairment of loans and receivables, of financing commitments and financial guarantees given, and of debt instruments that are available for sale or held until maturity

□ Individual provisions for loan impairments

A depreciation entry is recorded when there is objective proof of impairment arising from one or more events liable to generate a loss at each close-out, on a contract by contract basis. The impairment entry is equal to the difference between the book value and the value by discounted cash flow method using the interest rate at which the loan was granted, taking into consideration the effect of sureties or guarantees. In the event of a variable rate loan, the interest rate adopted is the last interest rate contractually applicable.

The existence of amounts due and unpaid for more than three months, or more than six months in the case of property loans, and nine months in the case of loans to local authorities, is deemed to be an objective proof of a loss event. Similarly when it is likely that the debtor will not be able to reimburse the whole of the sums due or in the event of foreclosure or of receivership, bankruptcy or equivalent, such circumstances are deemed an objective indication of loss.

The impairment is accounted for as an allowance set down as part of the cost of risk. The reversal of the allowance is recorded in cost of risk for that portion relating to the change in the risk, and as interest margin for that portion which is time-related. The write-down is in the nature of a deduction from the asset value in the event of the impairment of loans, and a liability when financing commitments and sureties are involved.

Unrecoverable debt is registered as a loss, and the corresponding provisions are then written back

□ Collective impairment of loans

Loans to customers not individually depreciated are covered by provisions by portfolio of homogeneous loans in the event that they are re-rated (internally or externally) as of worse quality or on the basis of loss at default or probability of default to maturity, depending on observations made internally or externally, as they apply to the loan book. The provision for impairment is accounted for as a deduction from the value of the book on the asset side, and changes in value the course of the financial year are recorded under Cost of risk in the profit and loss statement.

1.3.3 Lease contracts

A lease contract is an agreement whereby the lessor for a determinate period disposes of the right of use of an asset to a lessee in consideration of a single payment or series of payments.

A finance lease is a lease whose effect is to transfer to the lessee virtually all the risks and benefits of the ownership of the asset. The transfer of title to the asset may or may not occur in fine.

A simple lease contract means any lease contract other than a finance lease contract.

□ Landlord finance lease

Under IAS 17, finance leases entered into with companies outside the Group are shown in the consolidated balance sheet in the amounts outstanding as determined by the financial accounting processes.

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

- Attaching to the lessee a receivable entry paid down over time by the receipt of rental payments;
- Breakdown of the rental payments into the interest portion and the amortization of principal, known as financial amortization;
- A net unrealized reserve equal to the difference between:
 - The net financial outstanding debt, being the debt of the lessee or tenant in the form of the outstanding principal and the interest accrued at the date of close-out;
 - the net book value of the assets leased;
 - provisions for deferred taxation.

□ Tenant finance lease

Under IAS 17, fixed assets are recorded on the asset side of a balance sheet, as a counterparty to the loan granted by credit institution, entered as a liability. The rental payments paid in are broken down into interest expenses and repayment of the principal amount of the debt.

1.3.4 Securities acquired

Securities when classified into the three categories defined by IAS 39, namely financial instruments valued at fair value by profit or loss, financial assets held until maturity, and available for sale financial assets.

□ Financial assets and liabilities valued at fair value by profit or loss

▪ *Classification*

The heading "Financial instruments valued by fair value through profit or loss (FVTPL)" includes:

- a) Financial instruments used for trading purposes. These are mainly instruments which:
 - a. Have been acquired for resale or are repurchased in the short term, or
 - b. Form part of a portfolio of financial instruments under overall management for which there exists an effective and recent timetable for short term profit taking, or
 - c. An instrument comprising a derivative not deemed to be a hedge;
- b) Financial instruments may be classified by deliberate choice from the outset at fair value through profit or loss (FVTPL), in application of the option available under IAS 39, whose conditions of applicability were spelt out in the amendment published in June 2005. The purpose of the fair value hedge is to produce more appropriate financial information including in particular:
 - a. Fair value appraisal of certain composite financial instruments without separating out their embedded derivatives, whose valuation on a separate basis would not have been sufficiently reliable,
 - b. Significant reduction in the distortions of the accounting treatment of certain assets and liabilities,
 - c. The management and monitoring of the performance of a group of assets and or liabilities in respect of risk management or of an investment strategy undertaken on a fair value basis

The Group has used this option for unit of account contracts for insurance activities, in order to ensure consistency in the treatment of liabilities, and when accounting for securities in private equity operations, and some of the debt issuances containing embedded derivatives.

▪ *Basis of valuation and accounting for income and expenses*

The instruments classified as "Assets and liabilities valued at fair value by profit or loss" are accounted for at their fair value on entry into the balance sheet, and at the time of subsequent close-outs, until the time of their disposal. Fair value changes and the income received are accrued on fixed income securities classified in the foregoing category or recorded in the profit and loss statement under the heading "Net gains or losses on financial instruments valued at fair value by profit or loss. Purchases and sales of securities valued at fair value by profit or loss are accounted for at the date of settlement. Variations in fair value between the date of transaction and the date of settlement are accounted for in the profit and loss statement. The valuation of the counterparty risk on these securities is accounted for in the fair value.

▪ *Fair value or market value*

Fair value is that value at which an asset could change hands or a liability be extinguished, between parties well-informed and consenting acting under conditions of normal competition. At the time of initial accounting for an instrument, its fair value is generally the transaction price.

The fair value in the event of a financial instrument listed in an active market is the listed price or market value, as this is the best estimate of its fair value.

The listed price, in the case of an asset owned or of a liability to be issued is generally the bid price, and the asking price for a liability owned or an asset to be acquired.

In the event of symmetry of the asset and liability items, only the net position is valued at the bid price, if it is a net asset or a net liability to be issued, and at the asking price if it is a net liability or a net asset to be acquired.

The market is said to be active when the list prices are easily and frequently available, and these prices represent real transactions, and regularly realized under conditions of normal competition for very similar financial instruments.

If the listed market is not active, the fair value is determined using a valuation technique.

Derivative products are revalued using data observed in the market (for example interest rate curves). The bid/ask notion should then be applied to the observable data.

For securities in the private equity business, a multi-criterion approach is adopted, completed by experience in the field of valuation of unlisted companies.

▪ *Criteria of classification and rules of transfer*

Market conditions may lead the Crédit Mutuel Group to review its investment strategy and its intentions in regard to securities management. Thus, if it appears not opportune to dispose of securities initially acquired for the purpose of their disposal in the short term, these securities may be reclassified under the specific provisions provided for by amendment IAS 39 of October 2008. Transfers to the categories "Available for sale financial assets" or to "Financial assets held to maturity" are authorized in exceptional circumstances. The transfers to the "Loans and receivables" category are dependent on the ability of the Group to retain ownership of such securities in the foreseeable future or until maturity. The purpose of these portfolio transfers is to provide a better expression of the new intention in regard to the management of these instruments, and to reflect more faithfully their impact on Group profit or loss.

□ *Available For Sale financial assets*

▪ *Classification*

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

▪ *Basis of valuation and accounting for income and expenditure items*

These assets are accounted for on acquisition and entered into the balance sheet at fair value, and similarly at the times of subsequent close-out until disposal. Changes in fair value are recorded in a specific shareholders' equity heading "Unrealized or deferred gains or losses", excluding accrued revenues. These unrealized gains or losses accounted for as equity are not recorded in the profit and loss statement except in the event of disposal or sustained impairment. At the time of disposal, these unrealized gains or losses, previously accounted for as shareholders' equity, are recorded in the profit and loss statement under the heading "Net gains or losses on available-for-sale financial assets", alongside the capital gains on losses on disposal. Purchases and sales of securities are accounted for on settlement date.

Revenues accrued or acquired from fixed income securities are accounted for in the profit and loss statement under the heading "Interest and equivalent income". Dividends receivable on variable income securities are recorded in the profit and loss statement under the heading "Net gains or losses on available-for-sale financial assets".

- *Impairment of available for sale debt instruments*

Impairment is recorded under the heading "cost of risk" and is reversible. In the event of impairment, the greater or lesser unrealized or deferred capital gains or losses are restated as profit or loss.

- *Impairment of available for sale capital instruments*

A capital instrument is impaired if there is an objective indication of impairment namely a) a major and prolonged fall in fair value below its cost or b) information relating to major negative-effect changes in the technological environment of the economic and legal market in which the issuer operates, indicating that the investment outlay may not be recouped.

In regard to capital instruments it is considered that a devaluation of at least 50% with respect to its acquisition cost or loss of value over a period of 24 consecutive months, entails impairment. The analysis is made line by line. Judgment is also called for in respect of securities which do not meet the above criteria but for which the Group estimates that the amount outstanding may reasonably be expected in the near future.

Impairment is accounted for under the heading "Net gains and losses on available for sale financial assets", and is irreversible so long as the instrument is shown in the balance sheet. Any subsequent fall in value is also accounted for as profit or loss. In the event of impairment, the unrealized or deferred capital gains or losses are written back into the profit and loss statement.

- *Criteria for classification and rules of transfer*

Fixed income securities may be reclassified as follows:

- into "Financial assets held to maturity" in the event of change in the management strategy, and subject to their meeting the conditions of eligibility;
- in "Loans and Receivables": in the event of change in management strategy and ability to hold the security in the foreseeable future or until maturity, provided that the securities meet the conditions of eligibility for their category;

In the event of transfer, the fair value of the financial asset at its date of reclassification becomes the new cost or amortized cost. No gain or loss accounted for prior to the date of transfer may be recovered or written back.

In the event of transfer of instruments with a fixed maturity date from the category "Available for sale financial assets" to the categories "Financial assets held until maturity" or "Loans and receivables", the unrealized gains and losses, previously deferred and restated in shareholders' equity are amortized over the residual lifetime of the asset. In the case of the transfer of instruments without a fixed maturity date to the category "Loans and Receivables", the unrealized gains and losses, previously deferred, are kept in shareholders' equity until the securities are disposed of.

- *Financial assets held to maturity*

- *Classification*

Financial assets held until maturity are securities yielding fixed or determinable income necessarily listed in an active market, that the Group has the intention and ability to hold until maturity, for which it has taken no decision to reclassify as financial instruments valued by profit or loss or as available for sale financial instruments. The criteria for the intention and ability to hold securities until maturity are verified at each close-out.

- *Basis or valuation of accounting for expenses and income items*

Securities are recorded on acquisition at fair value. Transaction costs are spread over time, as they are included in the calculation of the effective interest rates except if insignificant, in which case they are recorded in the profit and loss statement at outset. At subsequent close-outs, the securities are valued at their amortized costs according to the

effective interest rate method which includes actuarial amortization of the premiums and discounts relating to the difference between the acquisition value and redemption value of the securities in question. Revenues received on these securities are shown under the heading "Interest and equivalent" in the profit and loss statement.

▪ *Impairment*

The financial assets held to maturity are impaired in the same way as loans and receivables once their value is adversely affected by credit risk.

▪ *Criteria for classification and rules of transfer*

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

The hedging operations to cover the interest rate risk (if any) for this category of securities are not eligible for the hedging accounting of IAS 39.

Furthermore, the possibilities for disposals or transfers of securities of this portfolio are limited, given the provisions of standard IAS 39, failure to meet which may entail reclassification of the whole of the portfolio at Group level, and forbid access to this category for two years.

□ *Fair value hierarchy of financial instruments*

There are three levels of fair value for financial instruments, under the requirements of IFRS 7.

- Level 1: prices listed on active markets for identical assets or liabilities
- Level 2: data other than Level 1 listed price, observable for the relevant assets or liabilities, either directly (through prices) or indirectly (price-derived data)
- Level 3: data in regard to assets or liabilities that are not based on observable market data (i.e. unobservable data)

□ *Derivatives and hedging accounting*

▪ *Financial instruments at fair value through profit or loss (FVTPL) - derivatives*

A derivative is a financial instrument:

- whose fair value depends on an interest rate, on the price of a financial instrument, on the prices of commodities, on the exchange rate, on the price index for an interest rate or credit, or on another variable, said to be underlying;
- which requires a net low or nil investment, or an investment lower than that for a non-derivative financial instrument, in order to obtain the same sensitivity to change as the underlying instrument;
- for which settlement is made at a future date.

Derivatives are financial instruments owned for the purposes of trading except when they are used for hedging.

They are accounted for on the balance sheet as financial instruments at fair value through profit or loss (FVTPL). Changes in fair value and interest accrued or due are accounted for in net gains and losses on financial instruments at fair value through profit or loss (FVTPL).

Derivatives used for hedging purposes which meet the criteria required by standard IAS 39 to be qualified for book purposes as hedging instruments are classified in the category "Hedging at fair value" or "Hedging of cash flows", as the case may be. Other derivatives are by default all classified in the category of trading assets or liabilities, even though, from an economic point of view they may have been subscribed with a view to hedging one or more risks.

Embedded derivatives

An embedded derivative is made up of a hybrid instrument which, when separated from its host contract, meets the definition of a derivative. Its purpose is to vary certain cash flows in a manner equivalent or similar to that of a standalone derivative.

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

- The hybrid instrument hosting the embedded instrument is not valued at fair value through profit or loss (FVTPL)
- The economic characteristics of the derivative and its associated risks are not considered as narrowly tied to those of the host contract
- The separate value of the embedded derivative is sufficiently reliable to provide relevant information.

▪ *Financial instruments valued at fair value by profit or loss – derivatives – structured products*

Structured products are financial packages offered to customers to respond in a more precise manner to their needs. They are built up from elementary products, generally options. There are various categories of structured products based on the following elementary products: classic options, binary options, barrier options, Asian options, look back options, multiple asset options, index swaps.

There are three main families of valuation of these products: partial differential equation, discreet time tree-based, and Monte-Carlo. The first and last methods are used. The analytical methods applied are those adopted by the market for the modeling of the underlying securities.

The parameters used for valuation purposes are those observed in or deduced from a standard model of the observed values, at the date of close-out. In the absence of an organized market, the values used are taken from those observably in use by the most active brokers in regard to equivalent or quasi-equivalent products or extrapolated from listed securities. All the parameters used are historicized. Unlisted futures financial instruments are revalued from the prices observed in the market, according to the flash procedure. This method involves observing every day at the same time the bid and asking price from several contributors, using market tracking software.

A single price is adopted for each useable market parameter. Some complex financial instruments, and particularly single and multi-asset equity-based structured products with knock-in barriers, are generally tailor-made, relatively illiquid, and of long maturity. They are valued using models developed internally, adopting parameters such as long volatility, correlations, or dividend estimates for their non-observable value component in traded markets. On initial recognition, these complex instruments are recorded in the balance sheet at fair value, although the valuation arising from the above models may be very different. The differences between fair value of the complex instrument and the value obtained by using an internal model, generally known as a "Day one profit", must be disclosed. The accounting regulations forbid the recording as an item of income the difference between fair value and the product when valued using either such models and/or non-observable elements of value in traded markets, recording of that difference being deferred to a later date. However, for a single underlying asset structured product without knock-in barrier, the difference is spread over the instrument's lifetime and recorded as an item of income. For structured products embedding knock-in barrier options, given the specific barrier risk, the difference is recorded on the maturity of the structured product

Reclassifications of debt instruments

Fixed income securities or debt instruments valued at fair value by profit or loss maybe reclassified into the following categories:

- i. "held until maturity" in rare cases only, in the event of change of management strategy and subject to their meeting conditions of eligibility for that category;
- ii. "loans and receivables" in the event of a change in management strategy and of ability to hold the security for the foreseeable future or until its maturity and subject to the securities meeting the conditions of eligibility for this category.
- iii. "available for sale" only in rare cases;

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

- a- "held until maturity" in the event of change of management strategy or the ability to hold them to maturity, subject to their meeting the conditions of eligibility for this category;
- b- "loans and receivables" in the event of the intention and ability to hold the financial asset in the foreseeable future or until its maturity, subject to the securities meeting the conditions of eligibility for this category.

In the event of transfer, the fair value of the financial asset at its date of reclassification becomes its new cost or amortized cost. No gain or loss accounted for prior to the date of transfer maybe written back.

In the event of the transfer of a fixed maturity debt instrument from the category "available for sale" to the categories "held to maturity" or "loans and receivables", the unrealized gains and losses previously recorded in shareholders' equity are amortized over the residual lifetime of the assets. In the event of transfer of debt instruments without fixed maturity into the category "Loans and receivables", the unrealized gains and losses previously deferred are kept in shareholders' equity until the time the shares are disposed of.

▪ *Hedging accounting*

IAS 39 standard provides for three forms of hedging. The choice of hedging is performed to suit the nature of the risk hedged. Fair value hedging covers exposure to changes in the fair value of financial assets or liabilities, and is used to hedge the interest rate risks on fixed income assets or liabilities, and instant access deposits under the possibilities allowed for by the European Union. Cash flow hedging covers exposure to changes in cash flows from financial assets or liabilities, in firm commitments or in futures transactions. This type of hedging is used to cover the interest rate risk on variable rate assets and liabilities including their renewals, and the foreign exchange risk affecting future highly probable revenues denominated in foreign currencies. Hedging of net foreign currency investments is a special case of hedging cash flows.

The Group documents the relationship between the instrument hedged and the hedging instrument itself, once the hedging relationship has been set up. This documentation includes the purposes for which hedging is managed, the nature of the risk hedged, the underlying strategy, the identification of the hedging instrument and the item hedged, as well as the procedures for the measurement of hedging efficiency.

The Group assesses this efficiency when the hedging relationship is set up and subsequently throughout the lifetime of the hedging instrument, at least as frequently as once a year on date of close-out.

The inefficacious portion of the hedging is accounted for in the profit and loss statement under the heading "net gains or losses on financial instruments valued at fair value by profit or loss".

Fair value hedging

The component relating to the rediscounting of a derivative financial instrument is recorded in the profit and loss statement under the heading "Interest, income and expenditure - Derivatives used for hedging purposes", symmetrically opposed to the interest income or expenditure relating to the item hedged.

In the event of a fair value hedging relationship, derivatives are valued at their fair value by counterparty in the profit and loss statement under the heading "Net profit and losses on financial instruments at fair value through profit or loss (FVTPL)" symmetrically with the revaluation of the risk of the elements hedged in P&L. 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 fully efficient, the fair value change in the hedging instrument offsets the value of the element hedged.

Hedging must be considered as "highly efficient" to qualify for hedging accounting. The change in the fair value of the hedging instrument or in cash flow must practically offset the change in the item hedged at fair value, or cash flow. The ratio between the two changes must be in the range of 80% to 125%.

If the hedging relationship is broken, or if the efficacy criterion is not met, hedging accounting ceases to be applied on a forward looking basis. Derivatives used for hedging purposes are transferred into the category of trading instrument and are accounted for by the accounting principles applied to that category. The balance sheet value of the hedged element is no longer adjusted at a later date to reflect changes in fair value, and the adjustments to date in the security providing the hedging, are amortized over the residual lifetime of the item hedged. If the items hedged are not shown in the balance sheet, because of early redemptions among other reasons, the adjustments to date are immediately shown in the profit and loss statement.

Fair value hedging of the interest rate risk by portfolio

The changes brought in by the European Union to IAS 39 in October 2004 include instant access cash deposits for customers in their portfolios of fixed rate liabilities.

For each portfolio of assets or liabilities, the bank checks that there is no over coverage, and does so by pillar and at each close-out.

The liability portfolio is scheduled over time as per the discharge of these liabilities, as defined in the balance sheet management procedures.

Changes in fair value of the interest rate risk on the portfolios of hedged instruments are recorded in a special line of the balance sheet ("Revaluation difference of portfolios hedged by interest rates"), the counterparty being in the profit and loss statement.

Hedging of cash flow

In the event of a cash flow hedging relationship, the gains or losses of the hedging instrument considered to be effective are recorded in the specific line of equity "Unrealized gains or losses deferred on hedging cash flows", whenever the party considered as being non-performing is recorded in the profit and loss statement under the heading "Net gains and losses on financial instruments at fair value through profit or loss (FVTPL)".

The amounts recorded as shareholders' equity are shown in the profit and loss statement under the heading "Interest income and expenses", keeping pace with the effect on final profit of the cash flows of the element hedged. The items hedged remain accounted for by the specific rules for their accounting category.

In the event of interruption to the hedging relationship, or failure to comply with efficiency criteria, hedging accounting ceases to be applied. The amounts to date recorded in shareholders' equity as a revaluation of the hedging derivative, are kept in shareholders' equity until the transaction hedged itself affects earnings or when it becomes apparent that the transaction will not take place. The amounts arising are then shown in the profit and loss statement.

1.3.5 Securitized debt payables

Securitized debt payables (treasury bills, inter-banking market certificates, bond borrowing), not classified at fair value through profit or loss (FVTPL) or by fair value hedges, are accounted for at their issuance value, generally reduced by transaction costs.

The debts are then valued at amortized cost according to the effective interest rate method.

Certain structured debt instruments may include embedded derivatives. These embedded derivatives are separated out from the host contracts as soon as the separation criteria have been met, and as soon as they can be valued in a reliable manner.

Their host contract is at a later stage accounted for at amortized cost. The determination of fair value is based on listed market prices or on valuation models.

1.3.6 Subordinated debt

Subordinated debt, be it at term, or indeterminate, is separated from other securitized debt payables. This is because their reimbursement, in the event that a debtor is required to wind up its business, is only possible after the other creditors have received their due. These debts are valued at their amortized price.

1.3.7 Distinction between Debt and Shareholders' equity

According to the interpretation of IFRIC 2, shares owned by associates of an entity are equity if the entity has an unconditional right to refuse redemption, or if there are provisions under the law or under the company's Statutes forbidding or strongly limiting redemption. Under such provisions of the law or company Statutes as exist, the equitable interest issued by the structures making up the consolidating entity of the Crédit Mutuel Group, is accounted for as shareholders' equity.

The other financial instruments issued by the Group are in accounting terms qualified as debt instruments, subject to their existing contractual obligations for the Group to make treasury available to the security holders. This is the case for all the subordinated securities issued by the Group.

1.3.8 Provisions for contingencies

Allowances for and write-backs on the provisions for contingencies are classified by kind in the corresponding headings of income or expenditure.

A provision is made as soon as it is likely that drawing on financial resources providing an economic benefit will be required to extinguish an obligation arising from a past event, and as soon as the amount of that obligation may be reliably estimated. The amount of the obligation is discounted to present value as the case may be, in order to determine the amount of the provision required.

The provisions made by the Group cover in particular:

- Operational risks;
- Liabilities in respect of employees;
- Execution risk on commitments by signature;
- Disputes and sureties;
- Tax risks;

- Risks relating to home ownership loans.

1.3.9 Customer deposits and loans from financial institutions

Customer deposits and loans from credit institutions give rise to financial liabilities on the bank, discharged in the form of fixed income or determinate income yielded to the creditor. Such liabilities are accounted for at market value when they are entered in the balance sheet, and are then valued at the subsequent close-outs at amortized cost using the effective interest method, except those that are accounted for by fair value hedges.

□ Regulated savings contracts

The *comptes épargne logement* (CEL – mortgage savings account) and *plans épargne logement* (PEL – mortgage savings plan) are products regulated under French law available to individual customers, being a combination of deposits made by them yielding interest and giving them rights to a loan for residential property buying at a later date. The liabilities that arise are of two orders for the distributing institution:

- A commitment to pay the future yield on the amounts deposited as savings at a fixed interest rate (only on PEL, the rate of yield on CEL being equivalent to variable interest, as periodically revised according to an indexation formula);
- A commitment to grant a loan to customers so requesting under predetermined conditions (both for PEL and CEL).

These liabilities have been estimated on the basis of the behavioral statistics of customers and market data. A provision has been made on the assets and the liabilities side of the balance sheet in order to cover the future expenditure relating to potentially unfavorable terms and conditions arising on such products as compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach depends on the homogeneous generation of the terms and conditions of the outgoings for which the bank is liable in the form of interest payable on the deposits of customers subscribing to PEL and CEL schemes. Impacts on the profit and loss statement are recorded as interest paid to customers.

1.3.10 Treasury and treasury equivalent

Treasury and treasury equivalent include cash accounts, deposits, loans and borrowings from central banks and credit institutions.

In the table of cash flow, OPCVM/UCITS are classified as an operational activity, and are not reclassified as treasury.

1.3.11 Employee benefits

Employee benefits are accounted for under IAS 19. Accounting for social commitments gives rise as the case may be to a provision accounted for under the heading "Provisions for contingencies and liabilities". Changes under this heading are accounted for in the profit and loss statement under the heading "Personnel expenses".

□ Defined post-employment benefits

These are pension schemes, early retirement schemes, and additional pension schemes, in which the Group has a formal or implicit liability to provide benefits promised to employees.

Liabilities are calculated according to the method of projected credit units, which involves allocating entitlement to benefit to the periods of service under the contractual formula for calculating the benefits from the scheme, subsequently discounted to present day values on the basis of demographic and financial assumptions among them:

- The discount rate, determined by reference to the long term rates interest rates on state-issued debt securities, taking into consideration the duration of the commitments,
- The rate of payroll increase, assessed by age ranges, management and non-management status, and regional characteristics
- Inflation rate, estimated by comparison of the OAT government bond yields and OAT yields inflated for various maturities
- Rates of employee turnover by age range on the basis of an average ratio of 3 years of the number of resignations and dismissals over the number of employees working in the company under non-fixed term contracts at the financial year-end

- Age of departure on retirement, an estimate being made by individual on the basis of actual date of entry into the company or estimated date of start of working life, and the assumptions under the Fillon law, capped at maximum age 65
- Mortality tables according to INSEE TH/TF 00-02.

The differences generated by the changes in assumptions and by the differences between earlier assumptions and the actual are known as actuarial variances. The assets of the scheme, if any, are valued at their fair value, and affect the profit and loss statement in the amount of their expected yield. The variance between the actual yield and expected yield is also an actuarial variance.

The Group has opted for the immediate recording of actuarial variances as an entry in the profit and loss statement for the year, in the form of provisions not spread over the remaining service life of the employees. Any reductions in, or realizations of the value of the scheme, generate changes in the commitment accounted for in the profit and loss for the financial year.

Supplementary pensions under Caisse de retraite schemes

The AFB staging agreement of September 13, 1993, made an amendment to banking institution pension schemes. Since January 1, 1994, the banks are members of the French national Arrco and Agirc regimes. The *caisses de retraite* or pension schemes of which the banks in the Group are variously members have been merged. They financially discharge various liabilities provided for under the staging agreement, drawing on their reserves topped up if necessary by additional annual contributions paid in by the banks concerned, whose average rate over the next ten years is capped at 4% of payroll. The liabilities of the *caisses de retraite* are comprehensively estimated every two years by an actuary, the latest estimate taking place at the end of 2008. The *caisse de retraite* after merger is being transformed into an IGRS. It has no shortfall in assets.

Other defined benefit post-employment benefits

Provisions are made for end of career indemnities and additional pensions, including pensions from special schemes. They are valued on the basis of entitlements acquired by the staff employed, taking into consideration the turnover rate of staff specific to the consolidated entities, and the estimated future salary to be paid to the beneficiaries on retirement, increased as the case may be by social security charges. The end-of career indemnities payable by Group banks in France are covered to a degree of at least 60% by an insurance contract underwritten by ACM Vie, an insurance company in the Crédit Mutuel Group, which is wholly consolidated.

☐ Defined contribution post-employment benefits

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

As these schemes do not represent liabilities in respect of the Group, no provision is made for them, and expenditures on them are accounted for in the financial year in which the contributions are paid.

☐ Long term benefits

These are benefits to be paid other than those subsequent to the period of employment and end of contract indemnities. These benefits are payable twelve months later than the end of the financial year in which the staff rendered the corresponding services, such as for example *médailles du travail* (length of service bonus) or *compte épargne temps* (amounts payable in respect of time in lieu under shorter working week arrangements, or similar). The Group's liability in respect of other long term benefits is quantified by the projected credit units method. However actuarial variances are immediately recorded in the profit and loss for the accounting period, as the corridor method is not allowed.

Commitments in respect of *médailles du travail* are on occasion covered by insurance contracts, in which case only the amount so covered is provided for.

☐ Employee supplementary pensions

The employees of the Crédit Mutuel CM5 and CIC Groups are the beneficiaries of compulsory pension schemes and of top-up retirement schemes proposed by ACM Vie SA.

CM5 Group employees benefit from two supplementary pension schemes, one on a defined contribution basis, and the other on defined benefits. The right to defined contributions is an entitlement that remains even in the event of leaving the company, unlike the defined benefits schemes which, in line with the new regulations, only definitively accrue to beneficiaries if they leave the company on retirement.

Total liabilities were €634 million on December 31, 2009, covered by €626 million technical reserves and €27 million mathematical reserves for defined benefits schemes recorded on the liabilities side of the ACM VIE SA balance sheet, covering the generality of beneficiaries..

The employees of the CIC Group, for their part, benefit not only from the compulsory state pensions, but from a supplementary defined contribution pension scheme from ACM Vie SA. The total commitments were €223 million on December 31, 2009, covered by €238 million special technical provisions recorded on the liabilities side of the ACM Vie balance, covering the generality of beneficiaries.

❑ **Employment contract termination compensation**

This compensation is a benefit granted by the Group on termination of the contract before the normal age of retirement, or following a decision by the employee to leave on a voluntary basis of consideration of such compensation. These provisions are updated to present day values when provision is made for their payment at a future date more than twelve months after the date of close-out.

❑ **Short term benefits**

These are benefits payable within the twelve months of the close-out of the financial year, other than employment termination compensation, including salaries, social security contributions and a number of bonuses.

An expenses item is accounted for in respect of short term benefits for the financial year during which services rendered to the company have given rise to such entitlement.

1.3.12 Insurance activities

The accounting principles and rules of assessment of the assets and liabilities brought into being by the issuance of *insurance contracts including re-insurance contracts whether issued or subscribed and of the financial contracts including a discretionary with-profits clause* (granting policy holders the right, in addition to guaranteed remuneration, to receive a portion of the financial profits made) have been drawn up in accordance with standard IFRS 4.

The other assets owned and liabilities issued by the wholly consolidated insurance companies are governed by the rules common to all the Group's assets and liabilities. Financial assets in the amount of the technical provisions for unit of account contracts are presented under "Financial assets at fair value through profit or loss (FVTPL)" and assets and liabilities are assessed at the date of close-out at the realization value of the reference investment vehicles.

Furthermore, the contracts governed by IFRS 4 remain accounted for and consolidated as if under French standards and are valued and accounted for under those same rules, with the exception of a number of restatements limited to those affecting the elimination of regulatory equalization provisions and the accounting for deferred shareholdings in accordance with the principles of French regulations applied to the differences in asset valuation. At issue here are mainly the provisions for deferred with-profit benefit arising from the unrealized capital gains or losses accounted for on assets arising under IAS 39 (which corresponds under IFRS 4 to the application of "reflex accounting": in order to reflect the share in unrealized capital gains or losses, the "discretionary participatory element", recorded wholly in provisions and not under shareholders' equity. These provisions for profit-sharing are presented on the assets or liabilities side, by legal entity and without compensation between legal entities and without compensation between entities in the scope of consolidation. On the assets side, these are shown under a separate heading;

In addition to the various provisions recorded as liabilities (with write-back as the case may be), the other transactions generated by these contracts are valued and accounted for under the same rules. Included here as contract acquisition expenses, outstandings and liabilities arising from the contracts, advances in regard to policies and sums arising under recourse and subrogated entitlements from insurance and re-insurance contracts.

As of the date of close-out, a liability stress test under these contracts is made (net of other asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired). A check is made that the liability accounted for is sufficient to cover the future estimated cash flow as of this date. Any shortfall in technical provisions is recorded in the profit and loss for the period (with write-back at later date if necessary).

The capitalization return reserve made on a tax exempt basis in the individual accounts of the French companies in respect of the sale of amortizable securities, whose purpose is to defer the net capital gains generated in order to keep up the actuarial yield on the portfolio made in consideration of contractual commitments, is cancelled in the consolidated financial statements. Entries into or out of this reserve for the financial year, when recorded in the profit and loss on individual account are cancelled in the consolidated profit and loss statement. Under IAS 12, deferred taxation liability is recorded in regard to the actual reclassification as shareholders' equity of the capitalization reserve. On the other hand, if there is a strong probability of allocation of benefit to the policyholders, in particular in consideration of their entitlements under certain insurance portfolios of the Group entities, an entry for deferred contributory payment to the policyholders is made, after restatement of the capitalization reserve.

1.3.13 Fixed Assets

Fixed assets recorded in the balance sheet include tangible fixed assets and intangible operating assets, as well as investment properties. Fixed operating assets are used for own business administration purposes and service delivery. Investment property is the real estate owned for the purposes of generating rental income or a yield on invested capital. Real estate held for investment is recorded at historic cost, as is commercial property held for own business operations.

Fixed assets are accounted for at acquisition cost increased by the expenses directly attributable to and required for their refurbishment for operational purposes. The cost of borrowing incurred at the time of construction or refurbishment or fitting out of real estate is not separately entered as an accounting item.

Fixed assets after acquisition and initial accounting entry are valued at historic cost, i.e. at their original cost reduced by the amortization accruing and by impairment of value if any.

When a fixed asset is made up of a number of elements replaceable in parts at regular intervals, and where use is made thereof in a differentiated manner, or if their economic benefits arise according to different timescales, each item is separately accounted for at outset, and each of the components is amortized according to a specific amortization plan. A component-based approach has been adopted both for property occupied by the bank for its own business purposes, and for investment properties.

The amount entered for amortization purposes in respect of a fixed asset is determined after deduction of its residual value, net of exit or disposal costs. The duration of serviceable life of fixed assets is generally equivalent to the expected life of that asset for economic purposes, and hence no entry is made for residual value.

Fixed assets are amortized over the expected useful life of the asset for the company, according to the time frame during which it remains serviceable, and in the light of the economic benefits arising.

Intangible assets of indeterminate useful life are not subject to amortization. The allowances for amortizations in respect of operating assets are shown under the heading "Allowance / write-back of amortization and provisions for operating assets" in the profit and loss account.

Allowances for amortization in regard to investment property are accounted for under "Expenses of other activities" in the profit and loss statement.

The ranges of amortization periods adopted are:

Tangible assets:

- Land, fixtures, fit-out and utility services: 15-30 years
- Buildings – structural work: 20-80 years (depending on the type of building in question)
- Construction – equipment: 10-40 years
- Fit-out 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 assets:

- Software bought in or developed in-house: 1-10 years

- Business acquired:

9-10 years (if acquisition of customer contract portfolio)

Amortizable fixed assets are subject to impairment testing on the date of close-out. Non-amortizable fixed assets (such as *droits au bail*, or the average price that a tenant is likely to be able to secure from the transfer of its lease to a successor), are subject to impairment testing once a year.

If there is an indication of impairment, the salvage value of the asset is compared to its net book value. In the event of impairment, a depreciation entry is made in profit and loss, changing the amortizable value going forward of the asset. The depreciation entry is written back in the event of change in the estimated salvage value, or if the indications of impairment no longer exist. The net book value after write-back of the impairment entry may not be in an amount greater than the net book value that would have been calculated if no impairment had been recorded.

Depreciations of fixed operating assets are accounted for under the heading "Allowance and write-back of amortization and provisions for depreciation of operating assets" in the profit and loss statement.

Depreciations in respect of investment property are accounted for under the heading "Expenses of other activities" (in respect of allowances) and "Income from other activities" (in respect of their reversal) in the profit and loss statement.

Capital gains and losses on the disposal of fixed operating assets (including commercial real estate occupied for own business operations) are recorded in the profit and loss statement on the line "Net gains or losses on other assets".

Capital gains and losses on the disposal of investment properties are recorded in the profit and loss statement on the line "Income from other activities" or "Expense of other activities".

1.3.14 Corporation tax

The heading "Corporation tax" includes all taxes on corporate income, whether payable or deferred.

Taxes payable on corporate income are calculated according to the tax rules in force.

□ Deferred taxation

Under IAS 12, deferred taxation entries are made in respect of the time differences between the taxable value and the book value of the items of the consolidated balance sheet, with the exception of goodwill.

Deferred taxation entries are calculated according to the liability method of tax allocation by reference to the known rate of corporation tax at time of close-out, applicable to the following financial years.

Tax assets net of deferred liabilities are recorded when there is a high probability that they will be realized. Taxes payable or deferred are accounted for as either income or expenditure with the exception of those entries relating to unrealized or deferred gains and losses accounted for as equity, in respect of which a deferred taxation entry is directly made.

Deferred tax asset or liability entries are offset one against another when they arise within a given entity or taxable group, and from the same tax authority, and when there is legal empowerment so to do.

Deferred taxation entries are not discounted to present values.

1.3.15 Interest on certain loans borne by the State

As part of the measures of assistance to the agricultural and rural sector, and in the matter of home loans, some entities in the Group grant reduced interest rate loans according to scales fixed by the French State. These entities therefore receive from the State compensation in the amount of the difference between the reduced interest rate receivable from customers and a predefined standard interest rate. As a result, no entry is made for reduced interest income on the loans covered by such compensatory payments.

The procedures for these compensation mechanisms are regularly re-examined by the French State.

The compensatory amounts received from the State are recorded under the heading "Interest and equivalent" and spread over the lifetime of the corresponding loans, in accordance with IAS 20.

1.3.16 Financial guarantees and commitments to finance

Financial guarantees are regarded as equivalent to an insurance contract when they make provision for specific payments to reimburse to the beneficiary the losses incurred as a result of the default of a debtor required to make a payment at a given due date and a debt instrument.

Under IFRS 4, these financial guarantees are valued according to French standards, namely on an off-balance sheet basis, pending the issuance of standards additional to the current arrangements. Consequently, these guarantees give rise to provisions for liabilities in the event of likely pay-out.

On the other hand, contracts for financial guarantees providing for payment in response to changes in a financial variable (price, rating, or credit index), or non-financial variables (on condition that in this case the variable is not specific to one of the parties to the contract), fall within the scope of IAS 39. These guarantees are then dealt with as if they were derivative instruments.

Financing commitments not considered as derivative instruments in the meaning of IAS 39 are not shown in the balance sheet, but provisions are made for them in accordance with IAS 37.

1.3.17 Foreign currency operations

Assets and liabilities denominated in a foreign currency (i.e. other than the local currency), are converted at the exchange rate of the date of close-out.

□ Monetary financial assets or liabilities

Foreign exchange gains or losses arising from currency translation are accounted for in profit and loss under the heading "net gains and losses on JV portfolio by result".

□ Non-monetary financial assets or liabilities

Foreign exchange gains or losses arising from translations are accounted for in profit and loss under the heading "Net gains or losses on financial instruments at fair value through profit or loss (FVTPL)" if the item is recognized under fair value through profit or loss (FVTPL), or as an unrealized or deferred capital gain and loss, when available-for-sale financial assets are involved.

When consolidated foreign currency-denominated securities are financed by a loan in the same foreign currency, this is hedged by an entry in respect of future cash flow.

The difference in respect of capital, reserves and retained earnings are recorded in the translation reserve account in shareholder's capital. The profit and loss statement is translated on the basis of the average rate of foreign exchange for the financial year. The translation variances in terms of profit are directly recorded in the translation reserve account. This translation reserve is written back into the profit and loss statement in the event of disposal or liquidation of all or part of the parent company shareholding in the foreign subsidiary.

1.3.18 Non-current assets intended for disposal and terminated businesses

A non-current asset or group of assets meets the definition of an asset intended for disposal if it is available-for-sale and if its sale is highly likely to take place in the next twelve months.

The related assets and liabilities are presented on two distinct lines on the balance sheet under the headings "Non-current assets intended for disposal" and "Debts related to non-current assets intended for disposal". They are accounted for at book value or fair value reduced by the cost of disposal, whichever is the lowest, and are no longer amortized.

In the event of impairment being recorded on this type of asset and liability, a write-down is made in the profit and loss statement.

Activities are considered to be terminated, when they are intended for disposal, when the activities are wound up, and when subsidiaries have been acquired for the sole purpose of resale. These activities are presented on a separate line of the profit and loss statement under the heading "Gains and losses net of tax on terminated activities".

1.3.19 Judgments and estimates used in drafting the financial statements

The preparation of the financial statements may require formulating hypotheses and making estimates which affect the determination of income and expenditure, assets and liabilities on the balance sheet and in the appendix to financial statements.

In this case, the managers, based on their judgment and experience, use the information available as of the date of the drafting of financial schedules to make the necessary estimates. This is particularly so in the case the case of:

- depreciation of debt instruments and capital instruments,
- the use of calculation models to value financial instruments not listed on an active market and classified as "available for sale" or valued at "fair value by profit or loss",
- assessment of the active nature of the markets,
- calculation at fair value of financial instruments not listed on an active market and classified as "Loans and receivables" or "Held to maturity", in respect of which information must be shown in the notes to the financial statements,
- impairment tests performed on intangible assets,
- determination of provisions including commitments in respect of pension schemes and other future social benefits.

1.3.20 Standards and interpretations of the European Union adopted but not yet applied

IAS / IFRS Standards	Name of standard	Date of application	Consequences of application
IAS 27	Consolidated and Separate Financial Statements	Mandatory application from January 1, 2010	Impact already anticipated in regard to the provisions for changes in equitable interests in subsidiaries which do not entail loss of control
IFRS 3R	Business Combinations	Mandatory application from January 1, 2010	No impact on opening balance sheet
IAS 39	Financial Instruments: Accounting and Valuation – amendment on elements eligible for hedging	Mandatory application from January 1, 2010	Insignificant impact
IFRIC 12	Service Concession Arrangements	Mandatory application from January 1, 2010	Not concerned
IFRIC 15	Agreements for the Construction of Real Estate Projects	Mandatory application from January 1, 2010	Not concerned
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Mandatory application from January 1, 2010	Insignificant impact
IFRIC 17	Distribution of No Cash Assets to Owners	Mandatory application from January 1, 2010	Insignificant impact
IFRIC 18	Transfers of Assets from Customers	Mandatory application from January 1, 2010	Insignificant impact

Notes on headings in the Consolidated Financial Statements

The notes are presented in millions of euros

NOTE 2 - Breakdown of the balance sheet and profit and loss statement by activities and by geographical zone

activities are as follows:

The retail bank includes the network of CIC regional banks, Targobank in Germany, and all the specialist businesses selling products through the network, including real estate and equipment leasing, factoring, mutual fund management, employee trust fund and share ownership (*épargne salariale*), real estate. Since March 2009, this activity also includes the Cofidis business.

The insurance business is made up of the Groupe des Assurances du Crédit Mutuel (the Crédit Mutuel Insurance group).

The finance and market activities include:

the financing of major companies and institutional customers, specialist finance, international and foreign subsidiaries;

market activities in the wider sense of the word including interest rate and foreign exchange transactions and equities, whether exercised on behalf of customers or on own account, including market intermediation.

Private banking activities including the companies whose primary purpose this is both in France and abroad.

Private equity business performed on own account and financial engineering make up a separate arm of the business

The holding company structure covers such elements as are not allocated to other specific business lines and logistics organisations, including intermediate holding companies, and real estate occupied by the bank for its business use, lodged in specific entities, as well as IT entities.

The consolidated entities are shown as wholly attached to their main business lines on the basis of their contribution as shown in the consolidated financial statements. The only exceptions are two entities, CIC and BFCM, which operate across several business lines. In this instance, the parent company financial statements reflect these analytically under differentiated headings, the same principle applying to the balance sheet.

2a - Breakdown of balance sheet by business line

December 31, 2009	retail banking	insurance	finance and markets	private banking	private equity	structure and holding	Total
ASSETS							
Cash, cash equivalent, due from Central banks - Assets	1 985	0	4 150	679	0	1 241	8 054
Financial assets at fair value through profit or loss	150	11 524	37 765	111	1 682	396	51 628
Derivatives used for hedging purposes - Assets	1 084	48	153	18	0	407	1 710
Available-for-sale financial assets	600	34 603	24 733	5 681	1	1 831	67 448
Loans to and receivables from credit institutions	45 917	9	58 010	5 395	1	(3 784)	105 547
Loans to and receivables from customers	128 756	221	17 727	4 760	0	608	152 072
Held-to-maturity financial assets	63	6 080	1 522	6	0	0	7 672
Shareholdings in companies consolidated by the equity method	187	262	0	1	0	165	615
LIABILITIES							
Due to Central banks - Liabilities	0	0	0	1 265	0	0	1 265
Financial liabilities at fair value through profit or loss	75	1	47 627	94	0	42	47 839
Derivatives used for hedging purposes - Liabilities	2 209	0	2 004	446	0	96	4 755
Due to credit institutions - Liabilities	50 940	(0)	40 143	398	0	(0)	91 481
Customer deposits	73 459	47	6 285	13 472	0	12 386	105 649
Securitized debt payables	19 859	0	64 386	50	0	2 674	86 969

December 31, 2008	retail banking	insurance	finance and markets	private banking	private equity	structure and holding	Total
ASSETS							
Cash, cash equivalent, due from Central banks - Assets	1 119	0	7 909	747	0	3 712	13 487
Financial assets at fair value through profit or loss	190	12 029	38 597	185	1 692	3 491	56 184
Derivatives used for hedging purposes - Assets	3 935	51	352	54	0	122	4 514
Available-for-sale financial assets	1 026	30 659	19 200	6 106	2	7 472	64 466
Loans to and receivables from credit institutions	1 199	0	87 845	6 357	3	9 339	104 743
Loans to and receivables from customers	120 897	336	21 630	4 045	0	780	147 689
Held-to-maturity financial assets	140	5 063	308	22	0	2 695	8 228
Shareholdings in companies consolidated by the equity method	55	223	0	1	0	160	440
LIABILITIES							
Due to Central banks - Liabilities	0	0	0	2 319	0	0	2 319
Financial liabilities at fair value through profit or loss	97	1 696	41 975	135	0	3 209	47 112
Derivatives used for hedging purposes - Liabilities	5 753	0	1 829	382	0	(86)	7 878
Due to credit institutions - Liabilities	8 142	(0)	92 537	380	(0)	162	101 220
Customer deposits	66 579	81	4 831	14 156	0	2 660	88 306
Securitized debt payables	22 379	0	76 146	75	0	2 039	100 639

2b - Breakdown of profit and loss statement by activity

December 31, 2009	retail banking	insurance	finance and markets	private banking	private equity	structure and holding	inter activities	Total
Net banking income	5 818	887	1 532	397	49	-495	-278	7 908
General expenses	-3 528	-340	-271	-303	-28	-256	278	-4 447
Gross operating profit	2 290	546	1 262	94	21	-751		3 461
Cost of risk	-1 452	0	-379	1	0	-62		-1 892
Gain on other assets*	17	21	0	0	0	-103		-65
Pre-tax profit	855	567	882	95	21	-916		1 504
Corporation tax	-301	-155	-273	-24	-1	279		-475
Net book profit	554	412	610	70	20	-637		1 029
Minority interests								221
Attributable net profit								808
December 31, 2008 Pro forma	retail banking	insurance	finance and markets	private banking	private equity	structure and holding	inter activities	Total
Net banking income	3 297	765	26	427	112	-679	-46	3 901
General expenses	-2 260	-309	-239	-272	-38	-83	46	-3 155
Gross operating profit	1 037	456	-214	156	73	-762		746
Cost of risk	-378	0	-530	-108	1	0		-1 016
Gain on other assets*	11	17	0	0	0	76		104
Pre-tax profit	669	472	-744	47	74	-686		-167
Corporation tax	-192	-96	268	-5	2	327		304
Net book profit	477	377	-476	42	77	-359		138
Minority interests								109
Attributable net profit								29
December 31, 2008 Published	retail banking	insurance	finance and markets	private banking	private equity	structure and holding	inter activities	Total
Net banking income	3 289	765	26	427	112	-671	-46	3 901
General expenses	-2 267	-309	-239	-272	-38	-75	46	-3 155
Gross operating profit	1 021	456	-214	156	73	-747		746
Cost of risk	-378	0	-530	-108	1	0		-1 016
Gain on other assets*	11	17	0	0	0	76		104
Pre-tax profit	654	472	-744	47	74	-671		-167
Corporation tax	-187	-96	268	-5	2	322		304
Net book profit	466	377	-476	42	77	-348		138
Minority interests								109
Attributable net profit								29

* Including net profit of entities consolidated by the equity method and goodwill impairment

2c - Breakdown of balance sheet by geographical zone

	December 31, 2009				December 31, 2008			
	France	Europe outside France	Other countries*	Total	France	Europe outside France	Other countries*	Total
ASSETS								
Cash and cash equivalent, due from Central banks	4 719	2 280	1 055	8 054	11 819	1 601	68	13 487
Financial assets at fair value through profit or loss	50 965	285	377	51 628	55 250	377	558	56 184
Derivatives used for hedging purposes - Assets	1 676	32	3	1 710	4 433	81	0	4 514
Available-for sale financial assets	60 256	6 306	886	67 448	55 767	7 144	1 555	64 466
Loans to and borrowing from credit institutions	97 080	5 509	2 959	105 547	96 070	6 430	2 243	104 743
Loans to and liabilities with respect to customers	128 623	20 572	2 877	152 072	126 000	18 592	3 097	147 689
Held-to-maturity financial assets	7 666	6	0	7 672	7 998	229	0	8 228
Shareholdings in companies consolidated by the equity m	196	160	260	615	190	1	248	440
LIABILITIES								
Due to Central banks	0	1 265	0	1 265	0	2 319	0	2 319
Financial liabilities at fair value through profit and loss	43 438	4 205	195	47 839	42 361	4 392	358	47 112
Derivatives used for hedging purposes - Liabilities	4 285	465	4	4 755	7 479	388	11	7 878
Due to credit institutions	89 400	0	2 081	91 481	96 913	0	4 306	101 220
Customer deposits	81 651	23 136	862	105 649	65 163	22 589	553	88 306
Securitized debt payables	70 505	11 413	5 051	86 969	89 242	8 721	2 676	100 639

* USA, Singapore, Tunisia and Morocco

2d - Breakdown of profit and loss statement by geographical zone

	December 31, 2009				December 31, 2008			
	France	Europe outside France	Other countries*	Total	France	Europe outside France	Other countries*	Total
Net Banking income	5 668	1 926	314	7 908	3 546	533	-178	3 901
General Expenses	-3 149	-1 231	-68	-4 448	-2 805	-302	-48	-3 155
Gross operating profit	2 519	695	246	3 461	741	231	-227	746
Cost of risk	-851	-766	-274	-1 892	-751	-215	-51	-1 016
Gain on other assets **	-94	-1	29	-65	81	0	23	104
Net book profit	1 574	-72	1	1 503	71	17	-254	-166
Overall net profit	1 087	-30	-29	1 028	257	23	-143	138
Attributable net profit	859	-22	-30	808	138	21	-130	29

* USA, Singapore, Tunisia and Morocco

** Including net profit of entities consolidated by the equity method and goodwill impairment

NOTE 3 - Scope of consolidation

	December 31, 2009			December 31, 2008		
	Percentage Control	Interest	Method *	Percentage Control	Interest	Method *
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	99	99	FC	99	99	FC
Banque du Crédit Mutuel Ile-de-France (BCM)	100	100	FC	100	100	FC
CIC Banque CIO - BRO	100	92	FC	100	92	FC
CIC Banque Scalbert Dupont - CIN	100	92	FC	100	92	FC
Crédit Industriel et Commercial (CIC)	92	92	FC	92	92	FC
CIC Est (ex Société Mancélienne Varin Bernier)	100	92	FC	100	92	FC
CIC Iberbanco (ex Banco Popular France)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	92	FC	100	92	FC
CIC Société Bordelaise (SBCIC)	100	92	FC	100	92	FC
Targobank AG & Co. KGaA (ex Citibank Privatkunden AG & Co. KGaA)	100	100	FC	100	100	FC
B. Subsidiaries of the banking network						
Banque de Tunisie	20	20	EM	20	20	EM
Banca Popolare di Milano	5	4	EM			NC
CM-CIC Asset Management (ex Crédit Mutuel Finance)	74	72	FC	74	72	FC
CM-CIC Bail (ex Bail Equipement)	99	92	FC	99	91	FC
CM-CIC Covered Bonds	100	100	FC	100	100	FC
CM-CIC Epargne salariale (ex CIC Epargne salariale)	100	92	FC	100	92	FC
CM-CIC Gestion	100	92	FC	100	92	FC
CM-CIC Lavolette Financement	100	92	FC	100	92	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Belgium (ex CM-CIC Bail Belgium)	100	92	FC	100	91	FC
CM-CIC Leasing GmbH	100	92	FC			NC
Colidis Argentine	66	23	FC			NC
Colidis Belgique	100	34	FC			NC
Colidis Espagne	100	34	FC			NC
Colidis France	100	34	FC			NC
Colidis Italie	100	34	FC			NC
Colidis République Tchèque	100	34	FC			NC
Colidis Roumanie	100	34	FC			NC
Colidis Slovaquie	100	34	FC			NC
Creafis	100	34	FC			NC
Creafidis	100	34	FC			NC
C2C	100	34	FC			NC
Factocic	51	47	FC	51	47	FC
FCT Home loans	100	100	FC			NC
Monabanq	66	23	FC			NC
Saint-Pierre SNC	100	92	FC	100	92	FC
SCI La Tréfilère	46	46	EM	46	46	EM
Saffm	100	92	FC	100	92	FC
SOFEMO - Société Fédérative Europ. de Monétique et de Financement	100	97	FC	100	97	FC
Targo Finanzberatung GmbH (ex Citi Finanzberatung GmbH)	100	100	FC	100	100	FC
Targo Dienstleistungs GmbH (ex Citicorp Dienstleistung GmbH)	100	100	FC	100	100	FC
C. Finance and market activity banking						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	92	FC	100	92	FC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	94	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	92	FC	100	92	FC
Banque Transatlantique	100	92	FC	100	92	FC
Banque Transatlantique Belgium	100	91	FC	100	91	FC
Banque Transatlantique Jersey			NC	100	92	FC
Banque Transatlantique Luxembourg (ex Mutual Bank Luxembourg)	90	85	FC	90	85	FC
BLC gestion	100	92	FC	100	92	FC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking - Banque Pasche	100	92	FC	100	92	FC
CIC Suisse (ex Banque CIAL Suisse)	100	92	FC	100	92	FC
Dubly-Doulhet	63	58	FC	62	57	FC
Elise Opportunities (Liechtenstein) AG			NC	100	92	FC
GPK Finance	89	82	FC	88	81	FC
LRA Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	92	FC	100	92	FC
Pasche Finance SA Fribourg	100	92	FC	100	92	FC
Pasche Fund Management Ltd	100	92	FC	100	92	FC
Pasche International Holding Ltd	100	92	FC	100	92	FC
Pasche SA Montevideo	100	92	FC	100	92	FC
Serficom Family Office Inc	100	92	FC	100	92	FC
Serficom Family Office Ltda Rio	52	48	FC	51	47	FC
Serficom Family Office SA	100	92	FC	100	92	FC
Serficom Investment Consulting (Shanghai)	100	92	FC	100	92	FC
Serficom Maroc SARL	100	92	FC	100	92	FC

	December 31, 2009			December 31, 2008		
	Percentage Control	Interest	Method +	Percentage Control	Interest	Method +
Transatlantique Finance	100	92	FC	100	92	FC
Valeroso Management Ltd	45	57	EM	45	57	EM
E. Private equity						
CIC Banque de Vizille	98	91	FC	98	90	FC
CIC Finance	100	92	FC	100	92	FC
CIC Investissement (ex CIC Capital Développement)	100	92	FC	100	92	FC
CIC Investissement Alsace (ex Finances et Stratégies)	100	92	FC	100	92	FC
CIC Investissement Est (ex SNVB Participations)	100	92	FC	100	92	FC
CIC Investissement Nord (ex CIC Regions Expansion)	100	92	FC	100	92	FC
CIC Vizille Participation (ex CIC Lyonnaise de Participations)	100	91	FC	100	91	FC
Financière Voltaire	100	92	FC	80	74	FC
Institut de Participations de l'Ouest (IPO)	100	92	FC	80	74	FC
IPO Ingenierie	100	92	FC	80	74	FC
Sudinova	57	52	FC	50	46	FC
Vizille Capital Finance	100	91	FC	100	90	FC
Vizille Capital Innovation	100	91	FC	100	90	FC
F. Structure and logistics						
Adepi	100	92	FC	100	92	FC
Carmen Holding Investissement	67	67	FC			NC
CIC Migrations	100	92	FC	100	92	FC
CIC Participations	100	92	FC	100	92	FC
Cicor	100	92	FC	100	92	FC
Cicoval	100	92	FC	100	92	FC
CM Akquisitions	100	100	FC	100	100	FC
CM-CIC Services			NC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	45	46	EM	45	46	EM
Cofidis Participations	51	34	FC			NC
Est Bourgogne Rhone Alpes (EBRA)	100	100	FC			NC
Elsa	100	92	FC	100	92	FC
Euro-Information	26	25	EM	27	26	EM
Gesteurop	100	92	FC	100	92	FC
Gestunion 2	100	92	FC	100	92	FC
Gestunion 3	100	92	FC	100	92	FC
Gestunion 4	100	92	FC	100	92	FC
Impex Finance	100	92	FC	100	92	FC
Marsovalor	100	92	FC	100	92	FC
Pargestion 2	100	92	FC	100	92	FC
Pargestion 3			NC	100	92	FC
Pargestion 4	100	92	FC	100	92	FC
Pargestion 5			NC	100	92	FC
Placinvest	100	92	FC	100	92	FC
Sofiholding 2	100	92	FC	100	92	FC
Sofiholding 3	100	92	FC	100	92	FC
Sofiholding 4	100	92	FC	100	92	FC
Sofinaction	100	92	FC	100	92	FC
Targo Akademie GmbH (ex Citicorp Akademie GmbH)	100	100	FC	100	100	FC
Targo Deutschland GmbH (ex Citicorp Deutschland GmbH)	100	100	FC	100	100	FC
Targo IT Consulting GmbH (ex Citigroup IT Consulting GmbH)	100	100	FC	100	100	FC
Targo Management AG (ex Citicorp Management AG)	100	100	FC	100	100	FC
Targo Realty Services GmbH (ex Citigroup Realty Services GmbH)	100	100	FC	100	100	FC
Ufigestion 2	100	92	FC	100	92	FC
Ufigestion 3			NC	100	92	FC
Ugepar Service	100	92	FC	100	92	FC
Valimar 2	100	92	FC	100	92	FC
Valimar 4	100	92	FC	100	92	FC
VTP 1	100	92	FC	100	92	FC
VTP 5	100	92	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 Insurances 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	20	14	EM	20	14	EM
Serenis Insurances (ex Insurances du Sud)	100	72	FC	100	72	FC
Serenis Vie (ex Télévie)	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM			NC

	December 31, 2009			December 31, 2008		
	Percentage Control	Interest	Method *	Percentage Control	Interest	Method *
H. Other companies						
ACM GIE	100	72	FC	100	72	FC
ACM Services	100	72	FC	100	72	FC
Agence Générale d'informations régionales	100	100	FC			NC
Darcy presse	100	100	FC			NC
Documents AP	100	100	FC			NC
Groupe Progrès	100	100	FC			NC
Immocity	100	100	FC			NC
Information pour la communication	50	50	FC			NC
Jean Bozzi Communication	100	100	FC			NC
La Gazette indépendante de Saône et Loire	100	100	FC			NC
La Tribune	100	100	FC			NC
Le Bien Public	100	100	FC			NC
Le Dauphiné Libéré	100	100	FC			NC
Les Journaux de Saône et Loire	100	100	FC			NC
Lyon Plus	100	100	FC			NC
Lyonnaise de Télévision	60	60	FC			NC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Presse Diffusion	100	100	FC			NC
Promopresse	100	100	FC			NC
Publiprint Dauphiné	100	100	FC			NC
Publiprint province n°1	100	100	FC			NC
Rhone Offset Presse	100	100	FC			NC
SCI ADS	100	71	FC	100	71	FC
SCI du Palais	100	100	FC			NC
SCI Hotel de Ville	100	100	FC			NC
SCI Le Progrès Confluence	30	30	EM			NC

CIC = Company belonging to the Compagnie Financière CIC sub-group

GACM = Company belonging to the Groupe des Assurances du Crédit Mutel sub-group

* Method :

FC = Full consolidation

PC = Proportional consolidation

EM = Equity Method

NC = Not Consolidated

FU = Merged

NOTE 4 - Cash, Cash equivalent, due from Central banks**4a - Loans to and receivables from credit institutions**

	December 31, 2009, December 31, 2008	
Cash, Cash equivalent		
Central banks	7 485	12 973
of which monetary reserves	2 560	3 289
Cash, cash equivalent	569	514
Total	8 054	13 487
Loans to and receivables from credit institutions		
Crédit Mutuel network accounts	1 423	222
Other ordinary accounts	3 396	3 409
Loans	91 951	90 203
Other receivables	890	1 056
Securities not listed on active markets	5 881	8 788
Loan of securities	853	739
Individually Impaired receivables	1 506	348
Attached receivables	165	294
Provisions, impairments, write-downs	520	316
Total	105 547	104 743

(1) mainly CDC (LEP, LDB, Livret bleu)

4b - Due to credit institutions

	December 31, 2009, December 31, 2008	
Banques centrales	1 265	2 319
Due to credit institutions		
Comptes réseau Crédit Mutuel	0	0
Other ordinary accounts	2 097	1 473
Borrowings	86 817	97 426
Other debts	550	405
Securities loaned	1 929	1 707
Attached debts	88	209
Total	92 746	103 539

NOTE 5 - Financial assets at fair value through profit or loss

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

	December 31, 2009			December 31, 2008		
	Transaction	hedge	Total	Transaction	Fair value hedge	Total
Securities	19 302	13 966	33 268	19 974	16 335	36 309
- Government securities	4 754	88	4 843	4 273	167	4 441
- Bonds and other fixed income securities	12 307	3 419	15 725	15 356	7 558	22 914
- Listed	12 307	3 350	15 656	15 350	5 856	21 205
- Unlisted	0	69	69	6	1 702	1 709
- Equities and other variable income securities	2 241	10 459	12 700	345	8 609	8 954
- Listed	2 241	8 948	11 188	345	7 152	7 497
- Unlisted	0	1 511	1 511	0	1 457	1 457
- Derivative instruments	3 384	0	3 384	7 847	0	7 847
- Other financial assets		14 975	14 975		12 028	12 028
of which securities loaned		14 974	14 974		12 028	12 028
TOTAL	22 686	28 942	51 628	27 821	28 363	56 184

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

	December 31, 2009	December 31, 2008
Financial liabilities held for trading purposes	9 784	14 270
Financial liabilities at fair value through profit or loss, fair value hedges	38 055	32 842
TOTAL	47 839	47 112

Financial liabilities held for trading purposes

	December 31, 2009	December 31, 2008
Short selling securities	4 168	3 567
- Government securities	0	0
- Bonds and other fixed income securities	3 496	3 316
- Equities and other variable income securities	673	252
- Dettes représentatives des titres donnés en pension		
- Derivative instruments	5 274	7 513
- Other financial liabilities held for trading purposes	342	3 189
TOTAL	9 784	14 270

	December 31, 2009			December 31, 2008		
	Valeur Comptable	Amount dû à l'échéance	Ecart	Valeur Comptable	Amount dû à l'échéance	Ecart
Securities issued	3 670	3 668	2	3 715	3 701	14
- Subordinated debt	0	0	0	0	0	0
- Interbank debt	27 193	27 175	18	28 064	26 295	1 769
- Customer deposits	7 192	7 192	0	1 063	1 062	1
Total	38 055	38 035	20	32 842	31 058	1 784

5c - Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale	62 202	3 118	2 128	67 448
- Government securities and equivalent - AFS	15 447	0	0	15 447
- Bonds and other fixed income securities - AFS	40 898	2 767	1 414	45 079
- Equities and other variable income securities - AFS	4 694	0	0	4 694
- Shareholdings and ATDLT - AFS	1 159	303	341	1 803
- Shares in related companies - AFS	0	48	377	425
Trading / JVO	27 276	22 237	2 114	51 627
- Government securities and equivalent - Trading	4 657	97	0	4 754
- Government securities and equivalent - Fair value hedge	88	0	0	88
- Bonds and other fixed income securities - Trading	8 313	3 554	440	12 307
- Bonds and other fixed income securities - Fair value hedge	2 727	675	17	3 419
- Equities and other variable income securities - Trading	2 225	0	16	2 241
- Equities and other variable income securities - Fair value hedge	8 923	0	1 536	10 459
- Loans to and receivables from credit institutions - Fair value hedge	0	7 363	0	7 363
- Loans to and receivables from customers - Fair value hedge	0	7 612	0	7 612
- Derivatives and other financial assets - Trading	281	2 936	167	3 384
Derivative hedging instruments	2	1 708	0	1 710
Total	89 414	27 063	4 308	120 785
Financial liabilities				
Trading / JVO	4 617	43 200	22	47 839
- Due to credit institutions - Fair value hedge	0	27 193	0	27 193
- Customer deposits - Fair value hedge				
- Securitised debt payables - Fair value hedge	0	7 192	0	7 192
- Subordinated debt - Fair value hedge	0	3 670	0	3 670
- Derivatives and other financial liabilities - Transaction	4 617	5 145	22	9 784
Derivative hedging instruments	52	4 679	24	4 755
Total	4 669	47 879	461	52 994

There are three levels of fair value for financial instruments, as set out in standard IFRS 7

Detail of Level 3	Opening	Purchase	Sales	Fair value gains or losses	Other movements	Close
- Equities and other variable income securities - Fair value hedge	1 541	102	-87	24	-44	1 536

NOTE 6 - Derivatives used for hedging purposes

6a - Derivative hedging instruments

	December 31, 2009		December 31, 2008	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge	2	26	2	18
Fair value hedge (change recorded in profit and loss)	1 709	4 729	4 512	7 860
TOTAL	1 710	4 755	4 514	7 878

6b - Goodwill of interest rate hedge portfolio

	Fair value December 31, 2009	Fair value December 31, 2008	Change in fair value
Fair value of interest rate risk by portfolio			
Financial assets	522	462	60
Financial liabilities	-1 777	-1 375	-401

6c - Analysis of derivative instruments

	December 31, 2009			December 31, 2008		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivatives						
Interest rate instruments						
Swaps	353 557	1 993	4 137	412 165	6 196	6 433
Other firm contracts	13 486	24	1	26 281	120	19
Options and conditional instruments	60 907	457	437	51 457	720	254
Forex instruments						
Swaps		21	43		76	100
Other firm contracts	231	147	123	205	365	334
Options and conditional instruments	14 769	157	158	11 574	182	180
Other than interest rate and forex						
Swaps	23 699	289	230	29 322	27	24
Other firm contracts	6 045	0	3	3 937	0	11
Options and conditional instruments	14 376	296	142	4 538	162	158
	487 070	3 384	5 274	539 478	7 847	7 513
Derivative hedging instruments						
Fair Value Hedge						
Swaps	72 375	1 658	4 729	54 118	4 455	7 860
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	14	51	0	15	57	0
Cash Flow Hedge						
Swaps	86	0	26	86	2	18
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	1	0	0	0	0
Sub-total	72 474	1 710	4 755	54 219	4 514	7 878
Total	559 545	5 095	10 028	593 697	12 361	15 391

NOTE 7 - Available for sale financial assets

7a - Available for sale financial assets

	December 31, 2009	December 31, 2008
Government securities	15 270	14 517
Bonds and other fixed income securities	44 950	43 856
- Listed	44 512	43 365
- Unlisted	438	491
Equities and other variable income securities	4 697	3 717
Capitalized securities	2 223	2 066
- Securities held for sale	1 410	1 253
- Other securities held for the long term	393	387
- Shares in affiliated companies	420	426
- Titres prêtés	0	0
- Avances CC SCI douteuses	0	0
- Créances rattachées	309	311
TOTAL (1)	67 448	64 464
Of which unrealized gains or losses on bonds and other fixed income securities and government-backed paper accounted for as shareholders' equity	-443	-1 412
Of which unrealized gains or losses on equities and other variable income securities directly accounted for as shareholders' equity	-433	163
Of which impairment of bonds and other fixed income securities	-84	118
Of which impairment of equities and other variable income securities	-1 535	-1 288

7b - List of the major non-consolidated shareholdings

		% owned	Shareholders' equity	Total balance sheet	NBI or revenues	Profit
Banca di Legnano (1)	Unlisted	< 10%	1 217	4 616	ND	67
BMCE Bank	Coté	< 5%	733	13 341	534	127
Crédit logement	Unlisted	< 5%	1 430	11 671	169	85
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 20%	182	38 525	8	4
Foncière des Régions	Coté	< 5%	5 797	17 447	1 094	-832
Républicain Lorrain	Unlisted	100%	65	89	82	-2
Veolia	Coté	< 5%	9 532	49 126	36 206	709

The various numbers (including percentage ownership) refer to financial 2008

(1) Banca di Legnano is 93,51% owned by BP&L

NOTE 8 - Clientèle

8a - Loans to and receivables from customers

	December 31, 2009	December 31, 2008
Sound loans and receivables	141 182	139 123
Commercial lending	3 941	4 998
Other lending to customers	136 550	133 419
- home buying loans	56 408	55 006
- other lending and receivables including securities lending	80 142	78 413
Attached receivables	333	367
Securities not listed in an active market	358	340
Insurance and reinsurance receivables	160	185
Individually impaired receivables	9 186	5 633
Gross receivables	150 527	144 941
Individual provisions	-5 517	-3 651
Collective provisions	-336	-495
SUB TOTAL I	144 674	140 796
Lease finance (net investments)	7 507	6 078
Furniture and movable goods	4 897	4 769
Real estate	2 461	2 095
Individually impaired receivables	149	114
Provisions pour dépréciation	-109	-85
SUB TOTAL II	7 398	6 893
TOTAL (1)	152 072	147 689
of which equity loans	0	0
of which subordinated loans	168	151

(1) Dont 17,798 million on December 31, 2009 after entry of Cofidis Group

Leasing finance trading with customers

	31.12.2008	Acquisition	Disposal	Other	December 31, 2009
Gross book value	6 978	1 228	-730	31	7 507
Write-down of unrecoverable instalments due	-85	-40	16	0	-109
Net book value	6 893	1 188	-714	31	7 398

Breakdown by duration of minimum future instalments receivable from finance leasing

	< 1 yr	> 1 yr and < 5 yrs	> 5 yrs	Total
Receivables from future instalments, minimum	2 320	3 992	1 332	7 644
Receivables from future instalments discounted to present	2 138	3 779	1 317	7 234
Financial income receivable	182	213	15	410

8b - Customer deposits

	December 31, 2009	December 31, 2008
Special savings accounts	30 296	23 792
- instant access	18 770	16 404
- term	11 525	7 388
Debt attached to savings accounts	18	26
Sub-total	30 314	23 818
Instant access accounts	40 820	35 748
Term accounts and borrowing	31 925	27 645
Securities lending	1 876	326
Attached debts	667	688
Insurance and reinsurance debt	47	81
Sub-total	75 335	64 488
TOTAL	105 649	88 306

NOTE 9 - Held-to-maturity financial assets

Securities	7 653	8 238
- Government securities	0	135
- Bonds and other fixed income securities	7 653	8 103
Listed	7 636	6 664
Unlisted	16	1 439
Conversion	0	0
Attached receivables	20	88
GROSS TOTAL	7 672	8 326
of which impaired assets	1	101
Provisions for impairment	-1	-98
NET TOTAL	7 672	8 228

NOTE 10 - Change in Impairment

	31.12.2008	Dotation	Reprise	Other (1)	31.12.2009
Loans to and receivables from credit institutions	-316	-221	8	8	-520
Loans to and receivables from customers	-4 231	-1 879	858	-709	-5 962
Available-for-sale financial assets	-1 405	-395	148	33	-1 620
Held-to-maturity financial assets	-98	-1	102	-3	-1
Total	-6 051	-2 497	1 116	-671	-8 103

(1) Of which -€ 972 million on the entry of the Cofidis group

As at December 31, 2009, provisions on loans to and receivables from customers amounted to €5,962 million (as against €4,231 million at year-end 2008), of which €316 million collective provisions. Individual provisions were mainly overdrafts on ordinary accounts in the amount of €848 million (as against €866 million at year-end 2008), and provisions against commercial receivables and other lending (including mortgages), in the amount of €4,669 million (as against €2,834 million at year-end 2008).

NOTE 11 - Financial Instruments - Reclassifications

Under the new accounting regulations and in the extraordinary circumstances of a wholly disrupted market the Group on July 1, 2008 transferred €18.8 billion from the trading portfolio to the AFS

	December 31, 2009		December 31, 2008	
	book value	fair value	book value	fair value
Loans & Receivables portfolio	6 862	6 958	8 495	7 767
AFS portfolio	13 590	13 590	15 436	15 435

	December 31, 2009	December 31, 2008
Profit/(loss) which would have been accounted for at FVTPL if the assets had not been reclassified	1 468	-969
Profit/(loss) unrealized which would have been recorded in shareholders' equity if the assets had not been reclassified	-811	271
Profit/(loss) recording in P/L and Net Banking Income and Cost of Risk on reclassified assets	-410	-35

NOTE 12 - Note on exposures linked to the financial crisis

At the request of the banking supervisor and the market regulator, exposures to the financial crisis are set out below. Securities

1/ RMBS exposures

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

1-1/ Exposures to RMBS issued in USA

	Book value 2009	Acquisition value 2009	Book value 2008
Origination 2005 and before	529	633	710
Origination 2006	716	990	1 244
Origination 2007	722	886	1 115
Origination depuis 2008	115	121	54
Total	2 082	2 630	3 122
Agencies	697	687	1 227
AAA	93	101	472
AA	41	55	49
A	7	10	69
BBB	18	28	422
BB	31	34	101
Equal to or less than B	1 195	1 715	782
Not rated			
Total	2 082	2 630	3 122

Guarantees received from Monoliner Insurance companies on USA RMBS

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

2/ Exposures to CMBS (commercial mortgage backed securities)

	Book value 2009	Book value 2008
France	11	1
Europe outside France	79	129
USA	0	0
Other	118	201
Total	198	331
Trading	14	54
AFS	177	270
Loans	7	7
Total	198	331

3/ Exposures to ABS

3-1/ Exposures to CLO / CDO

CDO not hedged by CDS	Book value	Acquisition value	Book value
	2009	2009	2008
Trading			
Available for sale	33	39	54
Loans	1 773	1 775	1 695
Total	1 806	1 814	1 749
France			
Europe outside France	801	803	484
USA	62	62	354
Other	943	949	911
Total	1 806	1 814	1 749
AAA	1 434	1 438	1 693
AA	322	322	45
Other	50	54	11
Total	1 806	1 814	1 749

3-2/ Exposures to other ABS

Other ABS not hedged by CDS	Book value	Acquisition value	Book value
	2009	2009	2008
Trading	689	702	1 031
Available for sale	528	534	774
Loans	315	325	443
Total	1 532	1 561	2 248
France	559	562	550
Europe outside France	903	928	1 578
USA			
Other	70	71	110
Total	1 532	1 561	2 238
AAA	1 180	1 197	1 827
AA	148	159	172
A	13	13	87
BBB	191	192	152
BB	0		
Equal to or less than B	0		
Not rated	0		
Total	1 532	1 561	2 238

3-3/ Exposures hedged by CDS

As at December 31, 2009, ABS exposures hedged by CDS amounted to €953 million.

4/ Exposures to LBO

	Book value	Book value
	2009	2008
Detail by geographical zone of dedicated financial structures		
France	1 371	1 546
Europe outside France	494	572
USA	140	228
Other	50	46
Total	2 055	2 392
Detail by sector of dedicated financial structures - in %		
Goods and industrial services	22	
Healthcare	13	
Travel and leisure	11	
Construction	11	
Industrial transportation	10	
Telecommunications	6	
Media	6	
Distribution	5	
Other < 4%	16	
Total	100	

5/ Operations with special purpose vehicles

On December 31, 2009, the liquidity lines granted to 3 FCC amounted to €298 million.

NOTE 13 - Tax

13a - Current tax assets

	31.12.2009	31.12.2008
Assets (par résultat)	676	709
Liabilities (par résultat)	268	182

13b - Deferred tax assets

	31.12.2009	31.12.2008
Assets (by P/L)	756	754
Assets (by shareholders' equity)	372	704
Liabilities (by P/L)	815	759
Liabilities (by shareholders' equity)	173	13

Breakdown of deferred taxation by main category

	December 31, 2009		December 31, 2008	
	Assets	Liabilities	Assets	Liabilities
Temporary differences in respect of:				
- Capital gains/losses on available for sale securities	372	173	704	13
- Impairment	254		179	
- unrealized reserve, lease finance		69		27
- profit and loss of fiscally transparent companies		3		11
- revaluation of financial instruments	661	345	386	582
- expenses payable and income receivable	75	748	62	0
- tax loss (1) (2)	282		514	
- insurance activities	107	291	107	269
- Other temporary time differences	104	84	59	423
- Compensation	-725	-725	-553	-553
Total deferred taxation assets and liabilities	1 128	988	1 457	772

Deferred taxation is calculated by the variable carryforward method. For the French entities, the deferred tax rate is 34.43% which is the standard tax rate.

NOTE 14 - Accrued income and other assets and liabilities

14a - Accrued income and other assets

	December 31, 2009	December 31, 2008
Regularization account assets		
Securities received on account of settlement	523	483
Foreign currency adjustment accounts	413	87
Accrued assets	395	460
Other regularization accounts	2 123	2 652
Sub-total	3 454	3 682
Other assets		
Securities settlement accounts / Trading accounts	163	193
Other receivables (1)	11 605	10 892
Inventory and equivalent	5	2
Other uses	-11	-5
Sub-total	11 761	11 082
Other insurance assets		
Other	328	353
Sub-total	328	353
Total	15 543	15 117

14b - Accrued income and other liabilities

	December 31, 2009	December 31, 2008
Regularization account liabilities		
Accounts unavailable due to debt recovery	680	188
Foreign exchange adjustment accounts	596	1 684
Accrued liabilities	525	550
Other regularization accounts	5 956	7 388
Sub-total	7 767	9 810
Other liabilities		
Securities settlement accounts / Trading accounts	151	231
Outstanding liabilities on securities	114	107
Other creditors	2 728	2 906
Sub-total	2 992	3 243
Other insurance liabilities		
Deposits and guarantees received	133	126
Other	0	0
Sub-total	133	126
Total	10 892	13 178

NOTE 15 - Shareholdings in companies consolidated by the Equity Method
Interest in net profit of companies consolidated by the equity method

	December 31, 2009		December 31, 2008	
	value by equity method	Proportion profit	value by equity method	Proportion profit
ACM Nord	17	3	17	1
Alternative gestion SA Genève	1	0	1	0
ASTREE insurance	16	2	13	2
Banca Popolare di Milano*	128	9		
Banque de Tunisie	46	8	42	6
CNCP	5	8	15	56
Euro Information	174	18	146	15
RMA Watanaya	198	19	194	14
Royal Automobile Club de Catalogne*	31	1		
SCI Trefflière	13	1	13	1
Valeroso Management Ltd	0	0	0	0
subsidiaries of the EBRA*	-14	-16		
TOTAL	615	55	440	96

* Companies consolidated from January 1, 2009

NOTE 16 - Investment property
investment property

	December 31, 2008	Increase	Decrease	Other change	December 31, 2009
Historic cost	983	191	0	2	1 176
Amortization and depreciation	-103	-14	0	0	-116
Amount net	880	177	0	2	1 059

The fair value of real estate holdings after impairment was €1,337 on December 31, 2009.

NOTE 17 - Property, plant and equipment

17a - Tangible assets

	December 31, 2008	Increase	Decrease	Other change	December 31, 2009
Historic cost					
Land for own business operations	341	29	1	9	381
Construction for own business operations	2 230	148	-34	74	2 417
Other tangible fixed assets	905	96	-60	158	1 098
Total	3 476	274	-93	241	3 896
Amortization and depreciations					
Land for own business operations	0	0	0	-1	-1
Construction for own business operations	-1 060	-115	31	-48	-1 192
Other tangible fixed assets	-668	-76	41	-47	-749
Total	-1 727	-190	72	-96	-1 942
Net value	1 748	83	-21	144	1 955
<i>Of which buildings covered by finance leases</i>					
Land for own business operations	45	0	0	0	45
Buildings for own business operations	40	-3	0	0	37
Total	85	-3	0	0	82

17 b - Intangible assets

	December 31, 2008	Acquisitions	Disposals	Other change (1)	December 31, 2009
Historic cost					
- Assets acquired	617	101	-20	403	1 100
- Software	97	38	-3	288	420
- Other	520	62	-17	114	680
Total	626	103	-21	405	1 112
Amortization and depreciation					
- Immobilisations générées en interne					
- Assets acquired	-144	-62	15	-25	-217
- Software	-74	-44	3	-25	-140
- Other	-70	-19	12	-1	-77
Total	-144	-62	15	-25	-217
Net value	482	41	-6	379	896

(1) Of which €380 million on entry of Cofidis Group, à l'entrée du groupe Cofidis

NOTE 18 - Goodwill

	December 31, 2008	Increase	Decrease	Other change	December 31, 2009
Goodwill, gross	3 462	692	-39		4 114
Impairment	0			-124	-124
Goodwill, net	3 462	692	-39	-124	3 990

Subsidiaries	Value goodwill December 31, 2008	Increase	Decrease	Change in impairment	Value goodwill December 31, 2009
Banca Popolare di Milano		41			41
Banque du Luxembourg	13				13
Banque Transatlantique	5	1			6
CIC Iberbanco	15				15
CIC Private Banking - Banque Pasche	44				43
Cofidis Participation		389			389
Crédit Industriel et Commercial (CIC)	506				506
GPB Finance	5				5
Monabanc					
Targobank					
	2800		-39		2 760
Other	53	243		-124	172
TOTAL	3 462	692	-39	-124	3 990

Goodwill was reviewed at the end of the financial year to check whether definitive devaluation entries should be made. Depending on the situation, this involves:

The Group acquired control of Cofidis Participations in March 2009, through the acquisition of a 51% through a joint holding entity (CARMEN, an investment holding company) 67% controlled by BFCM	
Price and acquisition expenses	663
Fair value of the assets and liabilities acquired	274
Goodwill	389

NOTE 19 - Securitized debt payables

	December 31, 2009	December 31, 2008
Short term lending	36	45
TMI & TCN	56 461	69 973
Bonds	29 917	29 774
Attached liabilities	555	846
TOTAL	86 969	100 639

December 31, 2009

NOTE 20 - Technical provisions of insurance contracts

	December 31, 2009	December 31, 2008
Life	43 006	39 207
Non life	1 945	1 969
Units of account	5 858	4 460
Other	196	198
TOTAL	51 004	45 834

NOTE 21 - Provisions

	December 31, 2008	Allowances financials	Write-backs financials	Write-backs financials	Other change	December 31, 2009
Provisions for pensions commitments	119	88	-7	-58	30	172
Provisions for defined benefit pension commitment and equivalent excluding						
Caisses de Retraite mandatory schemes						
End of career indemnity (1)	33	75	-5	-49	7	61
Top-up pensions	54	5	-1	-5	14	66
Primes liées aux médailles du travail (Other avantages à long terme)	24	6	0	-3	8	35
Sub-total booked	111	85	-6	-57	29	162
Provisions for defined benefit pension commitment and equivalent provided by						
Caisses de Retraite mandatory schemes						
Provisions for Caisses de Retraite shortfall (2)	8	3	0	-1	-1	10
Fair value of assets						
Sub-total booked	8	3	0	-1	-1	10

Provisions for contingencies	371	134	-39	-48	-19	399
On engagements by signature	120	68	-9	-38	-1	140
On engagements for finance and guarantees	0	1	0	0	0	1
On country risk*	0	0	0	0	3	3
Provision for tax liability	132	23	-18	-1	0	136
Provision for legal liability	73	22	-2	-3	-20	70
Provisions on miscellaneous outstanding debt	45	20	-10	-5	-1	49
Other provisions for counterparty risks	1	0	0	-1	0	0
Other provisions	325	198	-4	-42	26	503
Provisions épargne logement home-buyers' savings scheme	70	4	-1	-3	0	70
Provisions for miscellaneous contingencies	162	106	-3	-35	8	236
Other provisions	93	88		-4	20	197
Total	815	421	-50	-148	37	1 074

Accounting for and valuing pension commitments and similar is performed in a manner compliant to recommendation no. 2003-R01 of the Conseil National de la comptabilité. From this financial year onward, the discount rate adopted is the yield on the Long Term bonds issued by top ranking companies, estimated on the basis of the IBOXX ou ITRAXX indexes giving on December 31, 2009 a discount rate of 5%. The allowance for annual salary rise is the estimate of future inflation added to the rise in salaries.

(1) For the French banks, the provision for end of career indemnities is equal to the difference between the total commitments and the cover from the insurance companies. The premiums paid annually take into consideration the entitlements accruing as at December 31 of each financial year, weighted by staff turnover multipliers and staff post employment life expectancy. From this financial year onward, the end of career indemnity is that determined by the AFB (Association française des banques) agreement which applies when employees leave on retirement on their own initiative. The so-called corridor principle is no longer applied.

(2) Since this financial year, the three former Caliax of the CIC Group merged and the new entity changed into IGRS in such a way to prevent any shortfall in funding or reserves for this organisation. The remaining provisions are those for non-French entities.

Provisions for risks on commitments in respect of épargne-logement home buyers' savings account schemes

Investments in plans épargne-logement home buyers' savings schemes	December 31, 2009	December 31, 200
Investments in plans épargne-logement home buyers' savings plans		
Savings duration between 0-4 years	904	664
Savings duration between 4-10 years	1 911	2 186
Savings duration above 10 years	2 298	2 309
Total	5 113	5 159
Investments in comptes épargne-logement home buyers' savings schemes	783	694
Total investments in comptes épargne-logement and in plans épargne-logement home buyers' savings schemes	5 896	5 853

épargne-logement lending	December 31, 2009	December 31, 200
Loans outstanding under épargne-logement home buyers' savings schemes giving rise to provisions for risks on asset side of balance sheet	283	263

Provisions for risks in regard to épargne-logement home buyers' savings schemes	Opening balance	Net allowances	Other change	Closing balance
Home buyers' savings accounts	18	2		20
Home buyers' savings plans	44	(4)		40
Home buyers' savings loans	8	1		9
Total	70	(1)	0	69
Analysis by length of time of provisions for risk in regard to plans d'épargne logement				
Between 0-4 ans	39			24
Between 4-10 ans	2			0
More than 10 years	3			16
Total	44			40

Comptes épargne logement (CEL) and plans épargne logement (PEL) are products under French state regulation allowing individual customers to invest over time in an interest-bearing account giving subsequent entitlement to a home loan. CEL and PEL schemes place a two-fold commitment on distributor establishment:

- commitment to provide return to depositors on amounts invested at a fixed rate (on PELs only, the yield on CELs being equivalent to variable rate, because periodically revised in the light of an indexing formula);
- commitment to lend to customers an application under pre-determined conditions for both CEL and PEL.

The commitments have been estimated by reliance on the statistics of client behavior and market data.

A provision has been made on the assets and the liabilities side of the balance sheet in order to cover the future expenditure related to potentially unfavorable terms and conditions arising on such products as compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach depends on the homogeneous generation of the terms and conditions of the outgoings for which the bank is liable in the form of interest payable on the deposits of customers subscribing to PEL and CEL schemes. Impacts on the profit and loss statement are recorded as interest paid to customers.

The relatively unchanging levels of provision for risks in this financial year was mainly due to the mutual offsetting of two effects (fall in provision after deposit margin adjustment, as against rise in provision to allow for scenarios of future interest rate rises (determined by Cox-Ingersoll-Ross type model)).

NOTE 22 - Subordinated debt

	December 31, 2009	December 31, 200
Subordinated debt	4 346	4 388
Equity loans	156	156
Subordinated debt of indeterminate duration	3 096	4 140
Other debt	127	0
Attached debt	94	108
TOTAL	7 819	8 791

Main subordinated debt

In € thousands	Type	Date Issuance	Amount Issuance	Amount year-end	Interest rate	Maturity
Banque Fédérative du Crédit Mutuel	TSR	29.06.01	50 M€	50 M€	5,40	29.06.2011
Banque Fédérative du Crédit Mutuel	TSR	19.07.01	700 M€	700 M€	6,50	19.07.2013
Banque Fédérative du Crédit Mutuel	TSR	30.09.03	800 M€	800 M€	5,00	30.09.2015
CIC	Equity loan	28.05.85	137 M€	137 M€	(1)	(2)
CIC	TSDI	30.06.06	200 M€	200 M€	(3)	Indeterminate
CIC	TSDI	30.06.06	550 M€	550 M€	(4)	Indeterminate
Banque Fédérative du Crédit Mutuel	TSS		1600 M€	1600 M€		Indeterminate
Banque Fédérative du Crédit Mutuel	Borrowing	28.12.05	500 M€	500 M€	(7)	Indeterminate
Banque Fédérative du Crédit Mutuel	TSR	19.12.06	1000 M€	1000 M€	(5)	19.12.2016
Banque Fédérative du Crédit Mutuel	TSR	18.12.07	300 M€	300 M€	5,10	18.12.2015
Banque Fédérative du Crédit Mutuel	TSR	16.06.08	300 M€	300 M€	5,50	16.06.2016
Banque Fédérative du Crédit Mutuel	TSS	17.10.08	147 M€	147 M€	(8)	Indeterminate
Banque Fédérative du Crédit Mutuel	TSR	16.12.08	500 M€	500 M€	6,10	16.12.2016

(1) Minimum 85% (TAM-TMO)/2 Maximum 130% (TAM-TMO)/2

NOTE 23 - Shareholders' equity

23a - Attributable shareholders' equity (excluding unrealized or deferred gains or losses)

Capital and capitalized reserves	1 880	1 880
- Capital	1 302	1 302
- Additional paid-in capital, capital increased by way of conveyance, merger, stock split or foreign exchange translation	578	578
Reserves, consolidated	6 774	6 853
- Réserve légale	0	0
- Reserves statutaires et contractuelles	0	0
- Reserves, regulated	7	7
- Reserves, foreign currency translation	-40	-45
- Other reserves (including effects of first application)	6 940	6 892
- Retained earnings	-133	-2
Profit at year-end	808	29
TOTAL	9 462	8 761

23b - Unrealized or deferred gains or losses

	December 31, 2009	December 31, 2008
Unrealized or deferred* gains or losses		
- Available-for-sale assets		
- Equities	433	163
- Bonds	-443	-1 412
- Derivative hedging (CFH)	-43	-12
- Portion of unrealized or deferred gains or losses on companies consolidated by the Equity Method	19	13
TOTAL	-34	-1 248
Attributable to Group	-33	-1 131
Minorities interest	19	-117
* balance net of corporation tax		

23c - Gains and losses directly booked into shareholders' equity

	Variations 2009	Variations 2008
Translation differences		
Reclassification into P/L	0	0
Other movements	-23	15
Sub-total	-23	15
Revaluation of available-for-sale financial assets		
Reclassification into P/L	595	-367
Revaluation of derivative hedging instruments		
Reclassification into P/L	0	0
Other movements	-31	-10
Sub-total	-31	-10
Réévaluation des immobilisations		
Ecart actuariel sur les régimes à prestations définies		
Portion of unrealized or deferred gains or losses on companies consolidated by the Equity Method	6	-27
TOTAL	1 214	-1 820

23d - Tax on component items of gain or loss directly booked into shareholders' equity

	Gross value	Tax	Net value	Gross value	Tax	Net value
Translation variance	-23	0	-23	15	0	15
Revaluation of available-for-sale financial assets	1 708	-445	1263	-2 446	648	-1 798
Revaluation of derivative hedging instruments	-30	-1	-31	-13	3	-10
Réévaluation des immobilisations	0			0		
Ecarts actuariels sur les régimes à prestations définies	0			0		
Portion of unrealized or deferred gains/losses on companies consolidated by Equity Method	6	0	6	-27	0	-27
Total change in gains/losses directly booked into shareholders' equity	1660	-446	1214	-2472	651	-1820

NOTE 24 - Commitments given and received

Commitments given	December 31, 2009	December 31, 2008
Finance commitments		
Commitments to credit institutions	1 472	1 409
Commitments to customers	38 147	31 403
Surety commitments		
Commitments from credit institutions	4 198	3 004
Commitments from customers	12 381	12 217
Commitments on securities		
Titres acquis avec faculté de reprise	0	0
Other commitments given	1 155	1 504
Engagements donnés de l'activité d'assurance	301	373

Commitments received	December 31, 2009	December 31, 2008
Finance commitments		
Commitments to credit institutions	14 754	5 209
Commitments to customers	0	14
Surety commitments		
Commitments from credit institutions	19 715	19 868
Commitments from customers	5 672	3 332
Commitments on securities		
Titres acquis avec faculté de reprise	0	0
Other commitments given	532	1 565
Commitments received from insurance activities	7 497	7 190

NOTE 25 - Interest and equivalent income and expense

	December 31, 2009		December 31, 2008	
	Income	Expenses	Income	Expenses
Credit institutions and central banks	4 174	-3 475	6 484	-6 476
Customers	9 288	-3 697	8 562	-3 963
- of which finance leasing and simple leasing	2 296	-1 972	2 265	-1 913
Derivative hedging instruments	1 844	-2 321	2 660	-2 125
Available-for-sale financial assets	731		1 173	
Held-to-maturity financial assets	252		100	
Securitized debt payables		-2 050		-4 693
Subordinated debt		-244		-163
TOTAL (1)	16 289	-11 787	18 980	-17 421

(1) Excluding the contribution from entities entering the consolidation in 2008 et 2009, interest income would have been €14,404 million in 2009 (€18,877 million in 2008), and interest expenses -€11,346 million (€17,390 million in 2008).

NOTE 26 - Commissions

	December 31, 2009		December 31, 2008	
	Income	Expenses	Income	Expenses
Credit institutions	5	-6	7	-4
Customers	838	-14	698	-16
Securities	713	-109	672	-96
of which activities managed on behalf of third parties	491		485	
Derivative instruments	6	-9	5	-10
Foreign exchange	16	-4	16	-6
Finance and guarantee commitments	29	-17	7	-8
Services	1 359	-690	886	-662
TOTAL	2 965	-850	2 292	-802

(1) Excluding the contribution from entities entering the consolidation in 2008 et 2009, commission income would have been €2,230 million in 2009 (€2,242 million in 2008), and commission expenses -€754 million (€797 million in 2008).

NOTE 27 - Net gains/loss on financial instruments at fair value through profit or loss

	December 31, 2009	December 31, 2008
Trading instruments	584	772
Fair value hedging instruments	-140	-534
Hedging inefficiency	-59	65
Fair value hedging (FVH)	-58	65
Fair value changes on elements hedged	608	914
Fair value changes on hedges	-666	-849
Foreign exchange result	63	68
Total fair value change	448	371
TOTAL - à périmètre constant	449	371

NOTE 28 - Net gain or loss on available-for-sale financial assets

	December 31, 2009		
Government securities, bonds and other fixed income securities	-72	0	-72
Equities and other variable income securities	11	8	14
Capitalized securities	56	-1	16
Other	0	5	5
Total	67	-59	-37
TOTAL - à périmètre constant			-45

	December 31, 2008		
Government securities, bonds and other fixed income securities	-48	-1	-49
Equities and other variable income securities	38	63	-46
Capitalized securities	93	81	-160
Other	0	1	1
Total	131	98	-254
TOTAL - à périmètre constant			-255

NOTE 29 - Income or expenses from other activities

	December 31, 2009	December 31, 2008
Income from other activities		
Insurance contracts:	9 516	5 324
- net income from investments	- 1 864	-1 026
- technical and non-technical income	39	36
- Reversals provisions / amortization	0	2
- capital gains on disposals	1	1
Expenses refacturées	0	0
Other income	222	186
Sub-total	9 740	5 513
Sub-total - à périmètre constant	9 705	5 509
Expenses on other activities		
- service charges	-4 412	-3 907
- changes in provisions	-4 182	-694
Investment real estate:	-17	-15
- moins values de Disposal	0	0
Other expenses	-243	-193
Sub-total	-8 860	-4 778
Sub-total - à périmètre constant	-8 840	-4 777
Net total other income and expenses	880	736
TOTAL - à périmètre constant	865	731

NOTE 30 - General operating expenses

	December 31, 2009	December 31, 2008
Payroll expenses	-2 291	-1 747
Other expenses	-2 156	-1 408
TOTAL	-4 447	-3 155

30 a - Payroll expenses

	December 31, 2009	December 31, 2008
Salaries and compensation	-1 492	-1 132
Social security expenses	-521	-439
Workplace benefits	-10	-9
Employee profit sharing and incentives	-146	-41
Taxes and similar payment on compensation	-119	-131
Other	-3	6
TOTAL (1)	-2 291	-1 747

(1) Excluding the contribution from entities entering the consolidation in 2008 and 2009, payroll expenses would have been €1,755 million in 2009 (€1,713 million in 2008).

Average headcount

	December 31, 2009	December 31, 2008
Bank technicians	23 809	20 346
Management	12 762	10 457
Total	36 571	30 803
Breakdown by country*		
France	27 408	23 942
Abroad	9 163	6 861
Total (1)	36 571	30 803

(1) Of which average numbers employed 4,332 on December 31, 2009 after entry of Cofidis Group (France 2,376; Outside France 1,955).

30 b - Other operating expenses

	December 31, 2009	December 31, 2008
Taxes	-213	-174
Outside services	-1 717	-1 088
Other expenses (transportation, travel, ...)	11	12
Total (1)	-1 920	-1 250

(1) Excluding the contribution from entities entering the consolidation in 2008 and 2009, other operating expenses would have been: €1,287 million in 2009 (€1,198 million in 2008).

30 c - Allowances / reversals of amortization and provisions for tangible and intangible assets

	December 31, 2009	December 31, 2008
Amortization:	-236	-158
- tangible assets	-177	-147
- intangible assets	-59	-11
Depreciation:	-1	0
- tangible assets	0	0
- intangible assets	-1	0
Total (1)	-237	-158

(1) Excluding the contribution from entities entering the consolidation in 2008 and 2009, allowances / reversals of depreciations and provisions would have been: €172 million in 2009 (€158 million in 2008).

NOTE 31 - Cost of risk

31.12.2009	Allowances	Reversals	Unrecoverable debt with cover	Unrecoverable debt without cover	Recovery of receivables after	TOTAL
Credit institutions	-220	8	0	0	0	-212
Customers	-1 819	831	-407	-349	106	-1 637
Finance leasing	-1	4	-1	-4	0	-3
Other customers	1 818	828	-405	-346	106	-1 635
Sub total	-2 039	840	-407	-349	106	-1 849
HTM	0	102	-105	0	0	-4
AFS	0	105	-95	-14	0	-4
Other	-89	64	0	-12	2	-34
Total (1)	-2 129	1 110	-607	-375	108	-1 892

(1) Excluding the contribution from entities entering the consolidation in 2008 and 2009, the cost of risk would have been: €907 million in 2009 (€983 million in 2008).

December 31, 2008	Allowances	Reversals	Unrecoverable debt with cover	Unrecoverable debt without cover	Recovery of receivables after	TOTAL
Credit institutions	-309	2	-2	0	0	-309
Customers	-767	557	-172	-45	12	-416
Finance Leasing	-2	4	-2	-3	0	-3
Other customers	-765	553	-170	-43	12	-413
Sous total	-1 076	558	-174	-46	12	-725
HTM	-97	3	0	0	0	-95
AFS	-104	7	-8	-4	0	-109
Other	-138	53	0	-1	0	-86
Total	-1 416	621	-182	-51	12	-1 016

NOTE 32 - Gains or losses on other assets

Tangible and intangible assets	3	8
- Capital losses on disposals	-6	-4
- Capital gains on disposals	10	12
Capital gains / losses on disposals of consolidated equity	0	0
TOTAL	3	8
TOTAL - à périmètre constant	4	8

NOTE 33 - Change in the value of goodwill

	December 31, 2009	December 31, 2008
Impairment of goodwill	-124	0
Negative goodwill shown in P / L	0	0
TOTAL	-124	0

NOTE 34 - Corporation tax**Breakdown of tax charge**

	December 31, 2009	December 31, 2008
Tax charge due	-498	-121
Tax charge deferred	13	422
Prior period adjustments	9	3
TOTAL (1)	-475	304

(1) Excluding the contribution from entities entering the consolidation in 2008 and 2009, the tax charge would have been: -€502 million in 2009 (-€305 million in 2008)

Reconciliation of booked tax charge and theoretical tax charge

	December 31, 2009	December 31, 2008
Theoretical tax rate	34,43% ¹	34,43%
Theoretical tax charge	-499	90
Impact of specific SCR and SICOM regimes	5	22
Impact of reduced rate on long term capital gains	16	69
Impact of specific tax rates between foreign entities	3	24
Décalages permanents		
Other	0	99
Tax charge	-475	304
Effective tax rate	32,79%	NS

NOTE 35 - Earnings per share

	December 31, 2009	December 31, 2008
Net attributable profit	808	29
Number of shares at start of financial year	26 043 845	26 043 845
Number of shares at end of financial year	26 043 845	26 043 845
Weighted average number of shares	26 043 845	26 043 845
Basic earnings per share	31,02	1,11
Average weighted number of shares available for issuance	0	0
Earnings per share after dilution	31,02	1,11

NOTE 36 - Consolidated 2009 pro forma profit and loss with acquisitions as at January 1

	2009 publié	2009 avec acqu. au 1er janvier
Net banking income	7 908	8 390
General expenses	-4 448	-4 845
Gross operating profit	3 461	3 545
Cost of risk	-1 892	-1 974
Gains on other assets	-66	-49
Profit before tax	1 504	1 522
Net profit	1 029	1 035
	808	799

The table shows the theoretical impact on P/L of the COFIDIS and EBSA acquisitions as if they had been made over the full year 2009 (effective January 1). Goodwill has been kept at the level recorded on the date of actual acquisition.

NOTE 37 - Fair value of financial instruments booked at amortized cost

The fair values presented are an estimate based on observable elements of assessment on December 31, 2009, using the discounted cash flow method (DCF) based on a risk free interest rate curve to which are added for the purposes of calculation of the asset items, a credit spread computed on an annual basis for the CMSCIC group and reviewed each year.

The financial instruments presented here are those associated with lending and borrowing. Excluded are non-monetary elements (equities), trade receivables and payables and other asset and liability accounts as well as regularization accounts. Non-financial instruments are not covered by this information.

The fair value of financial instruments payable at first request and held on deposit in customers' regulated savings schemes, is the value due to the customer, i.e. its book value.

Some entities in the group may also apply assumptions: the market value is the book value for contracts where variable interest rates are part of the conditions, or where the residual term is equal to or less than one year.

We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments accounted for at amortized cost are not assignable to third parties or are not in practice assigned to third parties or not otherwise traded before maturity. Hence no entries are made for capital gains and capital losses.

If however financial instruments accounted for at amortized cost were to be assigned to a third party, the price of disposal could differ significantly from the fair value calculated as at December 31.

	December 31, 2009		December 31, 2008	
	Balance sheet value	Market value	Balance sheet value	Market value
Assets				
Loans to and receivables from credit institutions	105 547	104 887	104 743	104 371
Loans to and receivables from customers	152 072	150 984	147 689	146 530
Held-to-maturity financial assets	7 672	7 743	8 228	8 222
Liabilities				
Due to credit institutions	91 481	91 254	101 220	101 060
Customer deposits	105 649	102 875	88 306	87 370
Securitized debt payables	86 969	86 089	100 639	99 725
Subordinated debt	7 819	7 933	8 791	8 927

NOTE 38 - Transactions with related parties*Balance sheet elements on transactions with third parties*

	December 31, 2009			December 31, 2008		
	Companies consolidated by equity method	Confédération Nationale	Parent companies CMCEE group	Companies consolidated by equity method	Confédération Nationale	Parent companies CMCEE group
Assets						
Loans, advances and securities						
Loans to and receivables from credit institutions	0	3 584	84 688	0	955	85 614
Loans to and receivables from customers	0	36	0	0	38	0
Securities	0	419	27	0	1 302	5
Other assets	0	0	0	0	0	0
Total	0	4 039	84 715	0	2 295	85 619
Liabilities						
Deposits						
Due to credit institutions	0	5 821	51 683	0	8 570	44 693
Customer deposits	0	37	0	0	29	0
Securitized debt payables	0	831	0	0	1 951	0
Other liabilities	0	266	1 250	0	155	1 250
Total	0	6 955	52 933	0	10 706	45 943
Finance and guarantee commitments						
Finance commitments given	0	0	0	0	0	0
Guarantee commitments given	0	0	0	0	0	0
Finance commitments received	0	0	0	0	0	0
Guarantee commitments received	0	54	245	0	50	231

Elements of profit and loss on transactions with third parties

	December 31, 2009			December 31, 2008		
	Companies consolidated by equity method	Confédération Nationale	Parent companies CMCEE Group	Companies consolidated by equity method	Confédération Nationale	Parent companies CMCEE Group
Interest received	8	155	2 964	9	16	3 419
Interest paid	0	-103	-1 720	-2	-243	-1 790
Commissions received	6	0	21	4	0	9
Commissions paid	-4	-17	-243	-2	-17	-239
Other Income and expenditure	-46	-198	14	57	-169	-1
General Expenses	-236	0	-20	-203	0	-28
Total	-271	-162	1 016	-138	-412	1 371

The national confederation is made up of the other regional federations of the Credit Mutuel not affiliated to the CMCEE group. Relationships with parent companies are mainly loans and borrowing forming part of the cash flow management process.

Relations with Group Senior Executives

The Board of Directors of Banque Fédérative du Crédit Mutuel is currently made up of 15 members appointed by the General Meeting for a 3 year term and 3 scrutineers also appointed for a 3 year term by the Board pursuant to Article 20 of the Statutes (Articles and Objects of Association). The list of Directors indicating their functions in other companies is presented in appendix in accordance with legal requirements. The Board includes representatives of the partner Crédit Mutuel Groups (Ile-de-France and Sud-Est) and the representatives of associate Groups (Loire-Atlantique Centre Ouest, Laval, Normandie and Centre). Two employee members have seats on the Board representing the Comité d'entreprise interfédéral (Federal employee representative committee). No attendance fees are paid nor stock options granted. The Group President and CEO are paid compensation determined with the assistance of a Compensation Committee in accordance with the law. The Group Senior Executives may, under the same terms and conditions as are available to employees more generally, be the beneficiaries of credits or borrowings from the bank.

Overall compensation paid to Senior Executives

In € thousands	Overall compensation
Officers - Management Committee - Directors receiving compensation	5 410

Under the decision of the BFCM Board of July 2007, the officers receiving compensation who, by reason of their status, do not benefit from the common law mechanisms applicable to group.

NOTE 39 - Events subsequent to the closure of accounts and other information

The consolidated financial statements of the BFCM Group for the financial year ending 2009 were approved by the Board on February 25, 2010.

NOTE 40 - Exposure to risk

The information on risk exposure requested by IFRS 7 is presented in the management report, Chapter 4 on Risk.

NOTE 41 - Honoraires des commissaires aux comptes

En milliers d'euros	ERNST & YOUNG				KPMG AUDIT			
	Montant		%		Montant		%	
	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Commissariat aux comptes, certification, examen des comptes								
- BFCM	63	88	2%	4%	87	89	2%	4%
- Filiales intégrées globalement	2 955	2 037	94%	87%	2 545	1 057	68%	49%
Autres diligences et prestations directement liées à la mission du commissaire aux comptes								
- BFCM	47	31	1%	1%	38	59	1%	3%
- Filiales intégrées globalement	6	33	0%	1%	19	3	1%	0%
Sous-total	3 071	2 189	98%	94%	2 689	1 208	71%	56%
Autres prestations rendues par les réseaux aux filiales intégrées globalement								
- Juridique, fiscal et social	0	0	0%	0%	7	7	0%	0%
- Autres	64	147	2%	6%	1 066	960	28%	44%
Sous-total	64	147	2%	6%	1 073	967	29%	44%
Total	3 135	2 337	100%	100%	3 762	2 175	100%	100%

Le montant total des honoraires d'audit versés aux Commissaires aux comptes n'appartenant pas au réseau de l'un de ceux certifiant les comptes consolidés et individuels de la BFCM mentionnés dans le tableau ci-dessus, s'élève à 5 958 milliers d'euros au titre de l'exercice 2009.

5.5 Report of the Statutory Auditors on the consolidated financial statements

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

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
41, rue Yers
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Banque Fédérative du Crédit Mutuel

BFCM

Exercice clos le 31 décembre 2009

Rapport des commissaires aux comptes sur les comptes consolidés

To the Shareholders,

In performance of the mission entrusted to us by your General Meeting, we present our report on the financial year ending December 31, 2009, covering:

- the audit of the financial statements of Banque Fédérative du Crédit Mutuel, as attached to this report;

- the justification for our assessment,
- the specific verifications and information required by law.

The annual financial statements were approved by the Board of Directors. It is our responsibility on the basis of our audit to express an opinion on these financial statements.

I. Opinion on the annual financial statements

We have performed our audit according to the standards of the profession in France, these standards requiring the implementation of audit and verification procedures providing a reasonable assurance that the annual financial statements do not contain significant anomalies. An audit consists of checking by sampling or other methods of selection supporting evidence for the financial and other information shown in the annual financial statements. An audit also consists of an assessment of the accounting principles followed, the significant estimates adopted and the overall presentation of the financial statements. We believe that the elements we have collected are sufficient, relevant, and form a sound basis for our opinion.

We certify that the annual financial statements are with respect to the rules and accounting principles in France, regular and sincere, and give a faithful image of the result of the operations of the past financial year and of the financial situation and assets of the company at the end of that financial year.

II. Justification of assessments

The accounting estimates contributing to the preparation of the financial statements for the year-ending December 31, 2009 were performed against an economic background and in market conditions that remained poor. This is the context in which, by application of the provisions of Article L. 823-9 of the Code de Commerce which provide the justification of our assessments, we bring to your knowledge the following elements:

Your company uses internal models and methodologies for the valuation of the positions on certain financial instruments that are not listed in active markets, and for the constitution of certain reserves, as described in Note 1 to the financial statements. We have examined the control procedures which relate to the determination of the market as being inactive, to the verification of the models and to the determination of the parameters used.

- Your Group accounts for impairments on available for sale financial assets, when there is an objective indication of prolonged or significant loss of value affecting such assets (Notes 1 and 7 to the financial statements). We have examined the control arrangements in regard to the identification of the indexes of loss of value, the valuation of the most significant lines, and the estimates leading, if necessary, to coverage for loss of value by impairment entries.
- Your Group makes impairment entries and provisions to cover credit risks and counterparty risks inherent in its activities (Notes 1, 8, 21 and 31). We have examined the control procedure relating to monitoring of credit risks, to the assessment of the risks of non-recovery of debt and the coverage of thereof by making impairment entries and individual and collective reserves.
- Your company has accounted for deferred taxation assets, notably in regard to tax loss carry-forwards (Notes 1 and 13 to the financial statements). We have examined the main estimates and assumptions leading to the recognition of this deferred taxation.
- Your Group sets up provisions to cover commitment to its employees (Notes 1 and 21). We have examined the methodology of assessment of these engagements and the main assumptions and procedures of calculation adopted.

The assessments thus made form part of our approach to the audit of the financial statements as a whole and have therefore contributed to the formation of our opinion as expressed in the first part of this report.

III. Specific verifications and information

We also proceeded in accordance with professional standards in France to the specific verifications required by law in regard to the information given in the Group Management Report.

We have no comment to make on their sincerity and concordance with the annual financial statements.

Paris-La Défense and Neuilly-sur-Seine, April 23, 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

ERNST & YOUNG et Autres

Arnaud Bourdeille

Isabelle Santenac

KPMG Audit Département de KPMG S.A.

ERNST & YOUNG et Autres

Chapter VI GENERAL INFORMATION & LEGAL ELEMENTS

6.1 Ordinary General Meeting of May 10, 2010

First resolution

The General Meeting, after hearing the reports of the Board of Directors and Statutory Auditors, approves the financial statements and the balance sheet for financial 2009 as presented which closed on a profit of €330,938,950.34.

The General Meeting approves the transactions shown in the financial statements or summarized in these reports. The General Meeting gives discharge to the Directors and the Statutory Auditors in respect of the performance of their responsibilities for the past financial year.

Second resolution

The General Meeting decides to appropriate the profit for this financial year in the amount of €330,938,950.34, reduced by the retained earnings from the previous financial year, in the total amount of €201,188,455.98 as follows:

- Payment of €4.96 on each of the 26,043,845 shares making up the capital, a total dividend payout of €129,177,471.20. This dividend is eligible to abatement as provided for by Article 158 of the General Code of Taxation in France;
- Payment of €12,000,000.00 to the legal reserve;
- Payment of €60,000,000.00 to the optional reserve;
- Appropriation to retained earnings in the residual amount of €10,984.78.

In accordance with the legal provisions in force, we remind you that the dividends paid per share for the last three years were as follows:

<i>Exercice</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Amount in €	€5.38	€7.48	-
Dividend eligible for abatement Article 158 of CGI	oui	oui	

Third resolution

The General Meeting approves the consolidated financial statements for the year ending December 31, 2009 as presented by the Board of Directors.

Fourth resolution

This General Meeting approves the agreements covered by Article L.225-38 of the Code de Commerce presented in the special report of the Statutory Auditors.

Fifth resolution

This General Meeting renews for a term of three years the office of Mrs. Marie-Paule BLAISE as member of the Board of Directors.

Her mandate shall end with the General Meeting called to approve the accounts for financial 2012.

Sixth resolution

This General Meeting renews for a term of three years the office of Mr. Gérard CORMORECHE as member of the Board of Directors.

His mandate shall end with the General Meeting called to approve the accounts for financial 2012.

Seventh resolution

This General Meeting renews for a term of three years the office of Directors of Mr. Michel LUCAS as member of the Board of Directors.

His mandate shall end with the General Meeting called to approve the accounts for financial 2012.

As a consequence of this renewal and as required by Article L225-42-1 of the Code de Commerce, this General Meeting approves the engagements entered in at an earlier date in regard to Mr. LUCAS.

Eighth resolution

This General Meeting renews for a term of three years the office of Mr. Jean-Paul MARTIN as member of the Board of Directors.

His mandate shall end with the General Meeting called to approve the accounts for financial 2012.

Ninth resolution

This General Meeting renews for a term of six years the office of Cabinet ERNST & YOUNG et Autres as main Statutory Auditors until the end of the General Meeting called to approve the account for financial 2015.

Tenth resolution

This General Meeting appoints for a term of six years Cabinet Picarle & Associés as supplementary Statutory Auditors until the end of the General Meeting called to approve the financial statements for financial 2015.

Eleventh resolution

This General Meeting appoints for a term of six years Cabinet KPMG as main Statutory Auditors until the end of the General Meeting called to approve the financial statements for financial 2015.

Twelfth resolution

This General Meeting appoints for a term of six years Mr. Malcolm Mc LARTY as supplementary Statutory Auditor until the end of the General Meeting called to approve the financial statements for financial 2015.

Thirteenth resolution

This General Meeting confers all powers on the bearer of the originals, copies or extracts of these minutes to perform all registrations, declarations and publications required

6.2 Special report of the Statutory Auditors on the regulated agreements and engagements

KPMG Audit
Département de KPMG S.A.
1, cours Volmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
41, rue Yby
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Banque Fédérative du Crédit Mutuel
BFCM
Exercice clos le 31 décembre 2009

Rapport spécial des commissaires aux comptes
sur les conventions et engagements réglementés

To The Shareholders,

In our capacity as Statutory Auditors of your company, we present to you our report on the regulated agreements and commitments.

Conventions and engagements approved in the course of the financial year

Pursuant to Article L. 225-40 of the Code de Commerce, we have been acquainted with the conventions and engagements previously approved by your Board of Directors.

It is not our responsibility to seek out the existence of other conventions and engagements, if any, but to make known to you, on the basis of information which has been given to us, the characteristics and the basic procedures of which we have been informed without need for us to pronounce on their usefulness or appropriateness. It is your responsibility under the terms of Article R. 225-31 of the Code de Commerce to make an assessment of the interest of entering into such conventions and engagements with a view to their subsequent approval.

In regard to this mission, we have performed with due diligence the procedures we deemed to be required by the professional doctrine of the *Compagnie nationale des commissaires aux comptes* (National Company of Statutory Auditors). These procedures consisted of verifying the concordance of the information that given to us, with respect to the basic documents from which that information emanated.

1. With Caisse Fédérale du Crédit Mutuel Centre Est Europe

Corporate officers concerned:

Messrs. Etienne Pflimlin and Michel Lucas.

Nature and purpose

The CM5-CIC Group wished to initiate internally the securitization of the debt arising from such housing loans granted to its customers as were not eligible for other existing forms of refinancing (CRH, SFEF, « covered bonds » secured bonds program), in order to develop an additional source of refinancing

The securitization is performed by a securitization mutual fund known as CM-CIC Home Loans FCT. A "securitizable loan" was granted by CFCM CEE to Banque Fédérative du Crédit Mutuel which used this sum to provide funds to feed into the usual refinancing circuits of the CM5-CIC Group. That securitizable loan was then acquired by CM-CIC Home Loans FCT which, in order to refinance this acquisition, issued "notes". These notes were immediately acquired by BFCM and deposited by BFCM on a "repo" basis with the ECB to cover the refinancing granted by ECB.

The engagements entered into by BFCM in regard to this "securitizable loan" granted by CFCM CEE are secured by financial guarantees on home loan debt. The guarantees are delivered by the local Caisses of the Crédit Mutuel belonging to CFCM CEE, and by banks in the CIC Group ("guarantee providers"), in the beneficial interest of CFCM CEE on account of BFCM. Consequently, when CM-CIC Home Loans FCT acquired the "securitizable loan," it became the beneficiary of the guarantees delivered and could use them to obtain the AAA rating issued.

This convention of financial guarantee, otherwise known as the Collateral Security Agreement, is furthermore entered into, on the one hand between BFCM in its capacity as borrower, as agent in respect of the financial guarantee, and as "supplier of guarantee" on its own account; and on the other hand, the CFCM CEE, in its capacity as the banking intermediary agreeable to granting the "securitizable loan" to BFCM, and finally all the entities of the CM5-CIC Group required to provide the guarantees

This convention or Collateral Security Agreement lays down the conditions of remuneration of each "guarantee provider".

The Board of Directors of your company at its Board meeting of August 3, 2009, authorized the set-up of this operation. Within this framework, a number of contractual documents were signed by your company with Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Procedures

The effect of the Collateral Security Agreements made with the guarantee providers was an expense of €130,000 laid upon your company in respect of financial 2009, for a guaranteed loan of €4,007 million on December 31, 2009.

The amount loaned by your company to the Caisse Fédérale du Crédit Mutuel Centre Est Europe when the operation was set up, which was subsequently taken over by CM-CIC Home Loans FCT, was €3,000 million on December 31, 2009. The interest expense booked in this respect by your company for financial 2009 amounted to €7.4 million.

The "notes" issued by CM-CIC Home Loans FCT and held by your company were worth €3,000 million on December 31, 2009. The interest income booked in this respect by your company for financial 2009 was €7.4 million.

2. With the Crédit Industriel et Commercial (CIC)

Corporate officers concerned:

Messrs. Etienne Pflimlin and Michel Lucas.

Nature and purpose

In the context of the financial crisis, Banque de Luxembourg wished in 2008 to take steps to protect itself against the risk of default of issuers or guarantors of the securities in its available-for-sale portfolio. CIC agreed to guarantee the securities against the risk of default. Your company accepted CIC's counter-guarantee under the same terms and conditions. This convention was approved by the Board of Directors of your company at the Board meeting of December 19, 2008.

The Board of Directors of your company at the Board meeting of July 3, 2009 also approved the modification of the convention entered into by your company and the CIC in respect of the available-for-sale portfolio of the Banque de Luxembourg, for which CIC had issued its own guarantee.

Procedures

The initial terms which were a counter-guarantee of 5 year term for a maximum of €7.5 billion yielding interest at 0.40% were modified as follows:

- Set-up of a deductible in the amount of €75 million;
- Reduction in interest rate to 0.30 %

The remuneration received by your company in 2009 in regard to this convention amounted to €18.2 million.

3. With CM-CIC Covered Bonds

Corporate officers concerned:

Messrs. Etienne Pflimlin and Michel Lucas.

Nature and purpose

The CM5-CIC Group wished significantly to increase its sources of finance in the medium and long term in order to meet the needs of its business expansion. For this purpose, a project was set up to create favorable conditions for refinance of certain real estate loans.

Since 2007, refinance was performed through a subsidiary of BFCM, known as CM-CIC Covered Bonds, whose exclusive activity is the refinancing of the CM5-CIC Group by the issuance of secured bond obligations in the nature of "covered bonds" as part of a program of issuance of euro-denominated Medium Term Notes.

The proceeds of these issuances should enable CM-CIC Covered Bonds to provide funds for the CM5-CIC Group's standard financing circuits by issuing loans to BFCM.

Your Board of Directors, at its meeting of August 3, 2009, approved the amendments to the Program Documents a part of the move to raise the ceiling of the Covered Bonds.

Procedures

On December 31, 2009, the loans granted by CM-CIC Covered Bonds to your company amounted to €14,395 million. The expense registered in his respect in 2009 in the financial statements of your company amounted to €469.3 million.

4. With Ebra S.A.S.

Corporate officer concerned:

Mr. Michel Lucas.

Nature and purpose

The Board of Directors of your company, at its meeting of December 18, 2009, authorized the signature of a debt remission agreement with the company Ebra S.A.S.

Procedures

This debt remission agreement was in an amount not to exceed €75 million and was tied up with a return to good fortune clause.

Conventions and engagements approved in the course of previous financial years which continued during the current financial year

Furthermore, pursuant to the Code de Commerce, we have been informed that the performance of the following conventions and engagements, approved during previous financial years, continued in force during the current financial year.

1. With Messrs. Etienne Pflimlin and Michel Lucas

Nature and purpose

Under the provisions of Article L. 225-42-1 of the Code de Commerce and of the convention made between the Crédit Mutuel Group and the French State on October 23, 2008, the Board of Directors of your company, on proposal of the Compensation Committee, decided at its Board meeting of December 19, 2008, to substitute for its decision of July 6, 2007, a new agreement which it approved in regard to the compensation of the President and CEO.

The President of the Board of Directors and the CEO will receive at the end of their terms of office:

- An end of career indemnity similar to that which is payable to employees under the collective agreement of the Crédit Mutuel Centre Est Europe Group,
- A compensatory indemnity equivalent to the proceeds of the employee saving scheme in force in the Group throughout the term of their exercise of their responsibilities as President of the Board of Directors and CEO.
- The aggregate of these two components of compensation shall not, for either one of the beneficiaries, exceed two years of the net average annual compensation paid by your company to them in the course of the four financial years prior to their departure.

Procedures

The liability in respect of these indemnities recorded in the books of your company was assessed at €2,534,605 on December 31, 2009.

2. With Ebra S.A.S.

Nature and purpose

Your company in previous financial years advanced shareholder's loans as part of its acquisition of a shareholding in Ebra S.A.S.

Procedures

On December 31, 2009, this shareholder's loan amounted to €81,844,471. The interest received in financial 2009 and capitalized with the advance was €3,396,357.

3. With the Company Société Française d'Édition de Journaux and Imprimés Commerciaux « L'Alsace » S.A.S. (SFEJIC S.A.S.)

Nature and purpose

Your company in previous financial years advanced shareholder's loans to SFEJIC S.A.S.

Procedures

On December 31, 2009, this shareholder's loan amounted to €5,370,740. The interest received in financial 2009 and capitalized with the advance was €46,600.

4. With Soderec S.A.

Nature and purpose

Your company in previous financial years advanced shareholder's loans to Soderec S.A.

Procedures

On December 31, 2009, this shareholder's loan amounted to €165,086. The interest received in financial 2009 and capitalized with the advance was €13,207.

5. With Investmonde S.A.S.

Nature and purpose

Your company in previous financial years advanced shareholder's loans to Investmonde S.A.S.

Procedures

On December 31, 2009, this shareholder's loan amounted to €3,198. The interest received in financial 2009 and capitalized with the advance was €70.

Paris-La Défense and Neuilly-sur-Seine, April 23, 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

ERNST & YOUNG et Autres

Arnaud Bourdeille

Isabelle Santenac

6.3 Other elements in the Reference Document

6.3.1 Financial information shown in the registration document which is not drawn from the audited financial statements of the Issuer

Among the financial information shown in the registration document which is not drawn from the audited financial statements of the Issuer, please note the following points extracts or following chapters:

Chapter I Presentation of the BFCM Group

1.4 Competitive position: pages 9-12

Chapter III – Risk factors (extracts)

Interbank credits: pages 107-108

Balance sheet management, management of interest rate risk: pages 109-110

Risk management, CAD: 115-116

European Solvency Ratio (ESR): pages 116-117 and 177-178

6.3.2 Dates of last financial information disclosed

The last financial information in regard to closed-out accounts disclosed by BFCM was for the date December 31, 2009.

6.3.3 Intermediate half-yearly information

Not applicable.

6.3.4 Significant change in the financial situation of Issuer

No significant change in the financial or commercial situation of the BFCM Group since the publication on February 25, 2010 of the financial statements closed out on December 31, 2009. Similarly, no significant deterioration has affected BFCM's prospects since that date.

6.3.5 Recent events of special concern to BFCM, and of substantial interest to the assessment of its solvency

No significant change in the financial or commercial situation of the BFCM Group, of such a nature as might alter solvency has taken place since the last audited financial statements were published.

6.3.6 Forecasts or estimates of profits

Not applicable

6.3.7 Important contracts

There is no important contract (other than contracts entered into as part of the normal conduct of business) such as might confer on BFCM and/or its wholly consolidated subsidiaries and its subsidiaries consolidated on a proportional basis, any right, entitlement or obligation affecting BFCM's capacity to fulfill the obligations laid upon it by the securities issued to the holders thereof.

6.3.8 Information from third parties, declarations of experts, declarations of interest

Not applicable.

6.3.9 Legal proceedings and arbitration

In the last twelve months, BFCM has not been made aware of any such government, court or arbitrage proceeding underway, pending or in preparation as might have or recently had a significant effect on the financial situation or profitability of BFCM and/or its subsidiaries whether wholly or proportionately consolidated

6.4 Other information

6.4.1 Company name and trading name of Issuer

BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

6.4.2 Place of constitution of BFCM and registration number

Strasbourg B 355 801 929
Code APE / NAF: 6419 Z

6.4.3 Date of constitution and lifetime of BFCM

The company was set up on June 1, 1933, under the name "Banque Mosellane". Except it be wound up early or its term of life extended, the company shall terminate on June 1, 2032.

6.4.4 Headquarters, legal form, legislation governing BFCM activities, country of origin, telephone number of headquarters, as entered in the BFCM Statutes

BFCM is a Société Anonyme (joint-stock company) with Board of Directors. As a credit institution and Société Anonyme, it is subject by law to audit by two Statutory Auditors on the official register of Commissaires aux Comptes. These Statutory Auditors are appointed by the General Meeting of the company for a term of six years, subject to their approval by the Banking Commission.

BFCM is governed by the provisions of the Code de Commerce on Sociétés Anonymes and by the law applicable to French credit institutions, the main part of which is codified in the Code monétaire et financier (Monetary and Financial Code). BFCM is a member bank of Fédération Bancaire Française (FBF- French Banking Federation).

The legal documents relating to Banque Fédérative du Crédit Mutuel may be consulted at the company's headquarters, 34 rue du Wacken - 67000 STRASBOURG. ■ +33 (0)3 88 14 88 14

Company purpose (Article 2 of Statutes)

The purpose of the company is to:

- organize and develop the activities of diversification of the Group that it forms with Caisses de Crédit Mutuel within its business purpose and the Caisse Fédérale du Crédit Mutuel Centre Est Europe and the Fédération du Crédit Mutuel Centre Est Europe,
- with respect to itself and on behalf of third parties or on a shared basis both in France and abroad, undertake any and all banking operations and any and all operations in any way connected therewith, to perform any and all activities of insurance brokerage and more generally any and all activities in the field of insurance intermediation and any and all operations entering into the field of activity of a bank in accordance with the regulations and legislation in force,
- to acquire direct or indirect shareholdings and manage such shareholdings in any and all French or foreign company by means of the start-up of new companies, the conveyance of assets, the subscription to or purchasing of stocks, shares or similar entitlements, securities or equitable interest, [the pursuit of] mergers, associations or shareholdings, pooled collateral ("syndicats de garantie") or in any other way,
- generally undertake all financial, industrial, commercial operations involving property both movable and immovable which are directly or indirectly pursuant to the above mentioned purposes of the company or which enter into the field of activity of a bank,
- The company also has as its purpose to provide investment services governed by the Code monétaire et financier.

Financial year

From January 1 to December 31 of each calendar year.

Appropriation of profits under the Statutes (Article 40 of the Statutes)

After allocation to the legal reserve of profit if any arising from the financial statements of the financial year, such profit having received the approval by the General Meeting, the General Meeting shall decide to allocate that profit to one or more reserves for the use that it shall decide or to appropriate such profit to retained earnings or to make distributions thereof in the form of dividends.

In the event of dividend distribution, dividends shall in the first instance be drawn from the profits of the past financial year.

After taking note of the reserves at its disposal the General Meeting may decide to distribute sums taken from such reserves. In this case, the decision taken shall expressly identify the reserves from which withdrawals have been made.

The General Meeting approving the financial statements of the financial year is empowered to grant each shareholder in respect of the whole or part of the dividend distributed the option for either payment in cash or shares, under the legal provisions in force.

The Board of Directors may also decide to make an advance dividend payment by granting each shareholder an option of either payment in cash or payment in shares.

General Meetings

The General Meeting shall be convened by the Board of Directors by the publication of notice in a newspaper recognized for legal advertisements at the place of the headquarters. Such notice of meeting shall be reproduced in the form of an individual letter sent by ordinary mail to shareholders entitled to the shares registered in their names for no less than one month prior to the date of the above mentioned notice.

As the share capital is made up of ordinary shares only, each share shall carry a single vote.
There are no double voting rights.

Furthermore, no threshold of declaration is provided for under the Statutes. BFCM capital is "closed" (cf. Article 10 BFCM Statutes page 175).

6.4.5 Specific provisions relating to Issuer

Shareholders:

Conditions for acceptance of shareholders (extract from Statutes, Article 10 of BFCM)

The only shareholders of the company shall be:

- ❶ Fédération du Crédit Mutuel du Centre Est Europe, la Caisse Fédérale du Crédit Mutuel Centre Est Europe and the mutual insurance company "Assurances du Crédit Mutuel - Vie";
- ❷ Caisses de Crédit Mutuel and the other cooperative and mutual organizations members of the Fédérations du Crédit Mutuel Centre Est Europe, du Sud-Est, d'Ile-de-France, de Savoie Mont-Blanc and Midi-Atlantique;
- ❸ Departmental or interdepartmental Caisses and the Caisse Centrale du Crédit Mutuel covered by Article 5-1 paragraph 3 and 4 of the order of October 16, 1958. The subsidiaries or shareholdings of entities covered by Articles 2. and 3 above and which are controlled by one or more departmental Caisses.
- ❹ Members of the Board of Directors of the company.

Individuals or legal entities that do not fall into any of the above mentioned categories and who remain owners of shares in the company may retain their shares in their personal capacity.

The provisions of this article may not be modified except by the approval of the Chambre Syndicale de la Fédération du Crédit Mutuel Centre Est Europe and the General Meeting of the Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Transfer of BFCM shares

The shares are freely tradable, but change of title in the shares may not take place between owners, whether legal entities or individuals, except that they fulfill the conditions set out below and after approval of the Board of Directors (Article 11 of the Statutes).

Amount of capital subscribed, number and category of shares making up the capital

The capital of the company amounts to €1,302,192,250.00, divided into 26,043,845 shares of €50 each, all of the same category.

Authorized capital not issued

Nil.

Financial instruments not representative of capital

The following table shows all of the bonds issued by BFCM, listed in Eurolist by Euronext-Paris under the heading "Bonds – Private Sector".

Outstanding debt securities issued by BFCM (December 31, 2009)

Cod	Nam	Year of issuance	Maturit	Amount
				(€ million)
FR0000187676	BFCM 5.40% 2001 TSR	200	29/06/2011	50
FR0010539627	BFCM 5.10%07-15 TSR	200	18/12/2015	300
FR0010615930	BFCM 5.50%08-16 TSR	200	16/06/2016	300
FR0010690024	BFCM 6.10%08-16 TSR	200	16/12/2016	500
FR0010641126	BFCM 5.60%11	200	08/08/2011	300
FR0010665216	BFCM 5.20%08-11	200	21/10/2011	300
FR0010733626	BFCM 4.05%090413	200	0904/2013	400
FR0010762989	BFCM ZERO CPN 16/07/17	200	16/07/2017	1 000

The table shows the nominal only and does not include euro medium term notes.

Convertible bonds to be exchangeable or redeemable providing entitlement to capital

Nil.

Table of change in capital

Cf. page 85, « Table of financial results in the last five years »

The amount and composition of the capital has not changed since the issuance in 2003 of 114,214 new shares to Caisse Régionale du Crédit Mutuel d'Ile de France (CRCMIDF) in consideration of the conveyance to BFCM of 949,987 shares owned by CRCMIDF in Banque de Crédit Mutuel d'Ile de France.

Market for Issuer's securities

The shares in Banque Fédérative du Crédit Mutuel are neither listed nor traded in any market.

Dividends

Changes in profits and dividends:

	2005	2006	2007	2008	2009
Number of shares on December 31	26 043 845	26 043 845	26 043 845	26 043 845	26 043 845
Net profit (in € per share)	11,01	8,03	9,76	-	12,71
Gross dividend in € per share)	5,32	5,38	7,48		4,9

Dividends not claimed are subject to the provisions of Article (a) L 27-3 of the Code du Domaine de l'Etat

(a) Article L 27-3 of the Code du Domaine de l'Etat lays down that:

« ...Deposits of pecuniary sums and in a general manner of all cash items held in banks, credit institutions and all other establishments holding funds on deposit or in current accounts when such deposits or assets held on account have not, by those entitled to such sums, formed the object of any transaction or claim upon them for thirty years, shall definitively revert to the State.... »

6.5.6 Regulatory ratios *

- Solvency ratio (Basel 2)

Under Article 4 .1 of CRBF regulation no.2000-03 of September 6, 2000 on the prudential supervision of consolidated undertakings and additional supervision, BFCM as included in the consolidation of the CM5-CIC Group, is not required to comply on a sub-consolidation basis with the management ratios nor with the provisions on internal capital adequacy laid down by Article 17 bis of CRBF regulation n°97-02. This waiver also applies to the provisions of Basel 2 (cf. Article 1 of CRBF decision of February 20, 2007).

The following elements (including the presentation of the procedure for and the comments on operational risks) apply to the parent company, the CM5-CIC Group.

Since January 1, 1996, market risk, namely and mainly interest rate, foreign exchange, equities and settlements/counterparty risks affecting the bank's trading portfolio, are subject to specific capital requirements under the European Capital Adequacy Directive (CAD).

The overall requirement for capital is thereby equal to the sum of the requirement for credit risks divided by the whole of weighted risks, excluding trading portfolios and the requirement related to trading portfolio market risk and the requirement if any, in regard to major risks.

The Group calculates the capital requirement in regard to market risks using the standard regulatory model. The capital requirement is 8 % of net weighted risks.

Since January 1, 2008, the CM5-CIC Group is subject to calculation of the solvency ratio defined by ministerial decision of February 20, 2007 (Basel 2).

Under Basel 2, on December 31, 2009, the weighted risks shall be no less than 80% of the risks calculated under regulation CRBF 91-05 and 95-02 (Basel 1).

The consolidated European Solvency Ratio of the CM5-CIC Group (the shareholder group of BFCM) is shown below:

* Figures not audited by the Statutory Auditors

Basel 2 Solvency Ratio
CM5 CIC Group on December 31, 2009

(in €(million))	31/12/2009	31/12/2008
TOTAL PRUDENTIAL CAPITAL	17	17
Core Capital - Tier 1	17 915	16 766
Of which 50% "Expected Losses – Provisions" to be deducted	-18	-68
Of which 50% "Shareholdings in Credit Institutions" > 10% to be deducted	-607	-390
Additional Capital – Tier 2	3 600	3 927
Of which 50% "Expected Losses – Provisions" to be deducted	-18	-68
Of which 50% "Shareholdings in Credit Institutions" > 10% to be deducted	-607	-390
Deduction of Core and Additional Capital	-4 186	-3 573
Net Capital	17 330	17 120
CAPITAL REQUIREMENT ON CREDIT RISK	12 184	11 807
CAPITAL REQUIREMENT ON MARKET RISK	322	372
CAPITAL REQUIREMENT ON OPERATIONAL RISK	1 155	758
CAPITAL, ADDITIONAL REQUIREMENT FOR FLOOR LEVELS	242	2 335
TOTAL SOLVENCY RATIO*	9,97 %	8,98 %
(including additional requirement for floor levels)		
Of which TIER 1* SOLVENCY RATIO (on core capital)	10,30 %	8,78 %

Capital requirement

= Weighted risks X 8%

* Solvency ratio

= Prudential capital / Weighted risks

The overall solvency ratio shall not be less than 8%. The regulatory ratios, with which the CM5-CIC Group is required to comply, were respected as at December 31, 2009.

- Major risks

Credit institutions shall provide proof at all times that:

- the total amount of risks incurred due to operations with a single beneficiary do not exceed 25% of net shareholders' equity
- the sum of the risks incurred over all of the risks, each of which exceeds 10% of net shareholders' equity, shall not be greater than eight times net shareholders' equity.

It is mandatory that both ratios be established on a consolidated basis. On December 31, 2009, Groupe Crédit Mutuel Centre Est Europe (which includes BFCM), respected the ratio for major risks.

- Liquidity coefficient

This ratio measures the bank's capacity for the reimbursement of the amounts held on deposit and of its very short term borrowings. The liquidity coefficient is the ratio between the liquid funds in hand, and the drawing rights and entitlements thereto falling due in the current month going forward. Credit institutions must at all times present a liquidity coefficient of at least 100%. Banque Fédérative du Crédit Mutuel permanently complied with this obligation in 2009, and did so in the first quarter of 2010.

The liquidity coefficient of Banque Fédérative du Crédit Mutuel was:

187 % on March 31, 2010; 138% on December 31, 2009; 232% on December 31, 2008; 137% on December 31, 2007.

6.5 Person responsible for the Reference Document and persons with responsibility for the control of the financial statements

Person responsible for the Reference Document

Mr. Michel LUCAS, CEO of Banque Fédérative du Crédit Mutuel.

Certificate of the person responsible

After taking all reasonable measures to this effect, I certify that the information contained in this Reference Document is to the best of my knowledge, consistent with reality, and does not contain such emissions as may adversely affect its scope.

I certify that, to the best of my knowledge, the accounts are drawn up in accordance with the accounting standards applicable and that they give a faithful image of the assets, financial situation and results of the company and of all the companies contained in the consolidation, and that the management report, in regard to which a table of concordance shows the content on page 183, presents a faithful picture of the development of business results and of the financial situation of the company and of all of the companies contained in the consolidation as well as a description of the major risks and uncertainties with which those companies are confronted

I have obtained from the lawfully appointed auditors of the financial statements, KPMG Audit et Ernst & Young et Autres, a letter on completion of their work in which they declare that they have proceeded to the audit of the financial situation and of the financial statements shown in this document, and that they have read all of the document.

The historical financial information relating to the financial year ending December 31, 2008 to which this document makes reference, has been covered by the reports of the lawfully appointed auditors, whose reports contain an observation.

Signed in Strasbourg on April 29, 2010

Lawfully appointed Auditors of the Financial Statements

Main Statutory Auditors

Name, address and term of office of main Statutory Auditors of BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM) for financial years 2006, 2007 and 2008:

- a) S.A.S. à capital variable ERNST & YOUNG et AUTRES, member of the Compagnie Régionale de Versailles – represented by Isabelle Santenac - 41 rue Ybry – 92576 NEUILLY-SUR-SEINE.

Start date of first term of office: September 29, 1992.

Current term of office: 6 financial years with effect from May 11, 2006

Renewal: General Meeting renews term of office of ERNST & YOUNG and Others as main Statutory Auditors for six years until the end of the General Meeting approving the financial statements for financial 2015.

- b) KPMG AUDIT, member of Compagnie Régionale de Versailles, represented by Mr. Arnaud BOURDEILLE - 1, cours Valmy – 92923 PARIS-LA-DEFENSE Cedex.

The General Meeting appoints KPMG as main Statutory Auditor for a 6 year term to run until the end of the General Meeting approving the financial statements for financial 2015.

KPMG Audit was the beneficiary of a universal transfer of assets from KMT Audit (whose first term of office dates back to the Extraordinary General Meeting of September 29, 1992), dated June 30, 2009.

Supplementary Statutory Auditors:

Cabinet Picarle & Associés, Malcom Mc LARTY

Resignation and non-renewal

Not applicable

Statutory Auditors' Fees

(€ million)	Ernst & Young et Autres				KPMG			
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit procedures, certification, examination of accounts								
-	0,06	0,08	2	4	0,08	0,08	2	4
- Wholly consolidated subsidiaries	2,95	2,03	94	87	2,54	1,05	68	49
Due and other diligence discharged in pursuit of the mission Of the Statutory Auditors								
-	0,04	0,03	1	1	0,03	0,05	1	3
- Wholly consolidated subsidiaries	0,00	0,03	0	1	0,01	0,00	1	0
Sub-total	3,07	2,18	98%	94%	2,68	1,20	71%	56%
Other services rendered by the networks to the Wholly consolidated subsidiaries								
- Legal, tax and social	0,00	0,00	0	0	0,00	0,00	0	0
- Other	0,06	0,14	2	6	1,06	0,96	28	44
Sub-total	0,06	0,14	2	6%	1,07	0,96	29%	44%
Total	3,13	2,33	100%	100%	3,76	2,17	100%	100%

The total audit fees paid to the Statutory Auditors not belonging to the network of one of the Statutory Auditors certifying the BFCM consolidated financial statements and the individual company accounts were €5,958,000 in respect of financial 2009

Chapter VII DOCUMENTS ON PUBLIC ACCESS

7.1 Documents on public access

During the period of validity of this Reference Document, the following documents (or copies thereof) may be consulted by:

- a) Electronic means on the BFCM website (*Corporate Space*).

<http://www.bfcm.creditmutuel.fr>

- The historical financial information on BFCM and the CM5-CIC Group for each of the two financial years prior to the publication of the registration document.
- This Reference Document and those of the previous financial years.
- The annual information document: *compliant to the provisions of Articles L. 451-1-1 of the Code monétaire et financier and 222-7 of the General Regulation of the Autorité des Marchés Financiers, the annual information document mentions the information published or made public by the Banque Fédérative du Crédit Mutuel, its main subsidiary, the CIC and Groupe Crédit Mutuel Centre Est Europe, in order to satisfy legal or regulatory obligations. The document covers the information on the last twelve months, classifying them by type of medium of diffusion.*

- b) On physical media

- The deed of constitution and Statutes of Issuer

By postal written request to:

Banque Fédérative du Crédit Mutuel
Département Juridique
34 Rue du Wacken BP 412
67002 STRASBOURG Cedex

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- Any and all reports, mail and other documents, historical financial information, assessments and declarations drawn up by an expert at the request of the Issuer, of which a part is included in or referred to, in the Reference Document
- Any and all historical financial information on the subsidiaries of BFCM in respect of each of the two financial years prior to the publication of the registration document.

By postal written request to:

Crédit Mutuel Centre Est Europe
Direction Financière
34 Rue du Wacken BP 412
67002 STRASBOURG Cedex

7.2 Person responsible for the information

Mr. Marc BAUER
Financial Director of the BFCM and of the CM5-CIC Group
Telephone: 03 88 14 68 03
Email: bauerma@cmcee.creditmutuel.fr

7.3 Table of Concordance to Reference Document

To facilitate the reading of the Reference document, the following Table of Concordance identifies the main headings required by Annex 11 of the European Regulation No. 809/2004, pursuant to the so-called « Prospectus » Directive.

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Pursuant to Article 28 or European regulation No.809-2004 on prospectuses and Article 212-11 in the general regulations of the Autorité des marchés financiers (French financial markets authority), the following elements are included for reference

- Consolidated financial statements and the management report, extract from parent company accounts containing the management report for the financial year ending December 31, 2008 and the report of the Statutory Auditors on the consolidated financial statements ending December 31, 2008, presented respectively on pages 13 to 28, 30 to 47, 49 to 90, 91 to 171 of the Reference Document registered with the AMF, on June 3, 2009 under number R.09-053 and updated on September 14, 2009, under No. D.09-442-A01.
- The consolidated financial statements and the management report, extract from the parent company accounts including the management report for the year ending December 31 2007 and the report of the Statutory Auditors on the consolidated financial statements for the year ending December 31 2007, presented on pages 94 to 138, 94 to 99, 36 to 45, 140 to 148 and 153 to 154 respectively of the Reference Document registered with the AMF on July 4, 2008 under No. R.08-082, and updated on September 10, 2008, under No. D.08-512-A01.

The table of themes below identifies the major items of information required under Article L.451-1-2 of the Code monétaire et financier, included in the annual financial report.

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