2013

REGISTRATION DOCUMENT
ANNUAL FINANCIAL REPORT

CM11-CIC GROUP
Banque Fédérative du Crédit Mutuel

Crédit Mutuel
LA banque à qui parler

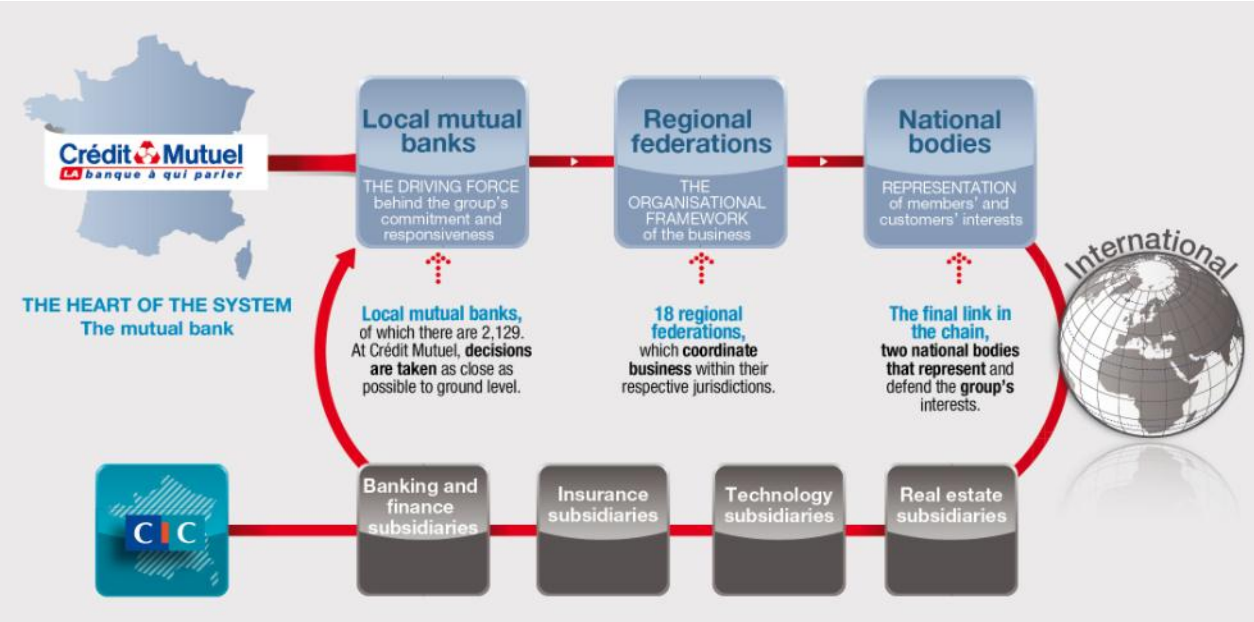
The French-language version of this registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) under number R.14-028 on May 6, 2014 pursuant to the AMF's General Regulation, in particular Article 212-13. It may be used in support of a financial transaction only if accompanied by an offering document (*note d'opération*) approved by the AMF. The registration document was prepared by the issuer and is binding on its signatories.

In accordance with the provisions of Article L. 621-8-&-I of the French Monetary and Financial Code, the registration document was filed after the AMF verified that the document is complete and comprehensible and that the information contained within it is consistent. This does not mean that the AMF has authenticated the accounting and financial information presented herein.

INTRODUCTION

Crédit Mutuel Group

As part of the Group's efforts to enlarge its investor base by issuing on several financial markets, and given the specific requiremets of investors in certain markets, BFCM prepared an information document presenting the whole Group. BFCM wishes to give the same level of information to all of its investors (European, American and Japanese). Also, for the sake of clarity, BFCM decided to prepare a single document presenting the financial information of both the CM11-CIC Group and the BFCM Group. This document will be used for all of BFCM's funding programs.



The regional groups

The Crédit Mutuel Group is made up of 18 regional groups, each of which comprises a regional Federation and a Caisse fédérale (Federal bank). These regional groups can be inter-federal as is the case for the federations of Centre Est Europe, Ile-de-France, Sud-Est, Savoie-Mont Blanc et Midi-Atlantique, Loire-Atlantique et du Centre-Ouest, Normandie, du Centre, Dauphine-Vivarais, Méditerranéen and Anjou; the federations of Bretagne, Massif Central and Sud-Ouest.

The regional local banks and the regional federal bank, of which the regional local banks are the shareholders, are members of each regional Federation.

Regional federations take responsibility for strategy and supervision, representing Crédit Mutuel in their regions. The regional federal bank performs financial functions such as liquidity management and provides technical and IT services.

The regional Federations and Federal banks are administered by Boards of Directors elected by the relevant local banks.

The National Crédit Mutuel Confederation and the Caisse Centrale du Crédit Mutuel

The National Crédit Mutuel Confederation (*Confédération Nationale du Crédit Mutuel or CNCM*) – which has the legal form of an association – is the central body for the banking network as defined in the French Monetary and Financial Code. The 18 Federations and the Caisse Centrale du Crédit Mutuel (*Caisse Centrale*) are affiliated with it.

The CNCM represents the entire Crédit Mutuel Group in dealings with authorities and defends and promotes its interests. It is responsible for the proper operation of its affiliates and controls the regional federations. It ensures the network's consistency, oversees its development and offers shared services of common interest.

The Caisse Centrale is the national financial body that manages the liquidity of the regional groups and organizes Crédit Mutuel's mutual financial support mechanism. Its capital is owned by all the regional federal banks (*Caisses Fédérales*).

The CM11-CIC Group

The CM11-CIC Group consists of the mutual banking division (the CM11 Group), and the funding and holding division (the BFCM Group). A general organizational chart depicting the two divisions appears on page 10.

The mutual banking division – CM11 Group

The CM11-CIC Group's mutual banking division, the CM11 Group, consists of Crédit Mutuel local banks, Crédit Mutuel federations and the Caisse Fédérale de Crédit Mutuel. The CM11 Group owns BFCM.

The Crédit Mutuel Local Banks

The Crédit Mutuel local banks, which are cooperative associations in certain French departments (Moselle, Bas-Rhin, Haut-Rhin) and variable capital credit cooperatives in all others, are the foundation of the CM11 Group. Under the French Monetary and Financial Code, they are credit institutions whose equity capital is held by the member shareholders, who are both members and customers. Legally autonomous, these local banks collect savings, grant credit and offer a full range of financial services.

The Federation and Caisse Fédérale de Crédit Mutuel

The local banks belong to a federation. Depending on where the local banks are located, the federation is either an association governed by the Law of July 1, 1901 or, for those local banks situated in the French departments of Haut-Rhin, Bas-Rhin and Moselle, an association subject to the locally applicable Civil Code. As a strategic planning and control body, the local federation represents Crédit Mutuel in its region.

From a regulatory, technical and financial standpoint, Caisse Fédérale de Crédit Mutuel holds the collective banking license that benefits all affiliated local banks, in accordance with the French Monetary and Financial Code.

The Caisse Fédérale de Crédit Mutuel is responsible for the CM11 Group's solvency and liquidity as well as the Group's compliance with banking and financial regulations, in accordance with Article R511-3 of the French Monetary and Financial Code.

On behalf of the local banks, the Caisse Fédérale de Crédit Mutuel therefore performs financial functions such as liquidity management and also provides technical, legal and IT services either directly or through BFCM subsidiaries (insurance, leasing, etc.).

Since January 1, 2012, the CM11 Group's scope includes the Crédit Mutuel federations that have established partnerships authorized by the supervisory authorities and that resulted in making the Caisse Fédérale de Crédit Mutuel the common Bank for the 11 Crédit Mutuel groups formed by Crédit Mutuel Centre Est Europe (Strasbourg), Crédit Mutuel Ile-de-France (Paris), Crédit Mutuel Midi-Atlantique (Toulouse), Crédit Mutuel Savoie-Mont Blanc (Annecy), Crédit Mutuel du Sud-Est (Lyon), Crédit Mutuel Loire Atlantique et Centre Ouest (Nantes), Crédit Mutuel du Centre (Orléans), Crédit Mutuel Normandie (Caen), Crédit Mutuel Méditerranéen (Marseille), Crédit Mutuel Dauphiné Vivarais (Valence) and Crédit Mutuel Anjou (Angers).

BFCM Group

This Group consists of:

- The Banque Fédérative du Crédit Mutuel, a holding company of the CM11-CIC Group that also carries out financing and capital market activities;
- Crédit Industriel et Commercial, the holding company for the CIC Group and lead bank for the branch network, which is also a regional bank in the Ile de France region and carries out investment, financing and capital market activities;
- specialized institutions by business line in France and abroad.

BFCM also provides centralized refinancing for the CM11-CIC Group and is therefore active in the financial markets as an issuer of financial instruments.

CM11-CIC Group

Operating under the name "CM11-CIC Group", the mutual banking division and the BFCM Group are complementary and interconnected. Not only does the CM11 Group own the BFCM Group's share capital, the Crédit Mutuel local banks of the 11 federations that make up the CM11 Group are a vital network for marketing the products and services of BFCM's specialized subsidiaries, with these subsidiaries paying commissions to the local banks in return for the deal flow.

CM11-CIC's consolidated financial information therefore provides a comprehensive economic overview of the Group by including the entities not otherwise included in BFCM's consolidated scope: the mutual banking network, ACM Vie SAM (mutual insurance company), the IT subsidiaries and the CM-CIC Services economic interest group.

Reconciliation of the CM11-CIC Group's Net Banking Income (NBI) with the BFCM Group's NBIfor the year ended 12/31/2013

BFCM Group's net banking income is derived by adjusting for the contributions from entities not in its scope of consolidation and after intra-Group eliminations.

(in € millions)

CM11-CIC's NBI	**11,977**
Companies excluded from BFCM's consolidated scope	**-4,090**
in the Banking network business line (regulatory scope [1], etc.)	*-2,994*
in the Insurance business line	*-102*
in the Logistics business line: IT subsidiaries	*-922*
in the Logistics business line: other	*-72*
Consolidation adjustments	**558**
BFCM's NBI	**8,445**

1. The regulatory scope includes the 11 Credit Mutuel federations, the Credit Mutuel Local Banks which are members of their respective federation and Caisse Fédérale de Crédit Mutuel

Corporate governance

CM11-CIC Group does not have a single deliberative body. Each Crédit Mutuel Local Bank appoints a Board of Directors made up of volunteer members elected by member shareholders at a general meeting. From among these members, the Local Banks elect their representative to the District, a body that jointly represents a group of Crédit Mutuel Local Banks; the Chairman of the District becomes a full member of the Board of Directors of the federation, the policy body for a given group of Crédit Mutuel Local Banks. This quality enables them to become a member of the Board of Directors of the Caisse Fédérale de Crédit Mutuel and its subsidiary BFCM.

In addition, the internal control and anti-money-laundering and terrorism financing procedures are homogenous throughout the CM11-CIC Group.

Given this organizational structure, the section "Corporate Governance of CM11-CIC Group and BFCM" will be limited to a presentation of the administrative, management and supervisory bodies of BFCM, and the Report of the Chairman of the Board of Directors on the Operation of the Board of Directors and Internal Control and Anti-Money-Laundering and Terrorism Financing Procedures applies to both the CM11-CIC Group as well as the BFCM Group.

Mutual Support System within the Crédit Mutuel and CM11 Groups

Crédit Mutuel's mutual support system is designed to constantly ensure the liquidity and solvency of all the entities affiliated with the CNCM so as to avoid the collapse of any of its members (Article L511-31 of the French Monetary and Financial Code). This system is based on a set of rules and mechanisms put in place at the regional and confederal (national) levels.

System at the regional group level

The mutual support system in place within the CM11 group is a federal support mechanism pursuant to Article R.515-1 of the French Monetary and Financial Code and is independent of the statutory provisions relating to the joint liability of member shareholders within the limit of the nominal value of the shares they hold.

This article provides that the *Autorité de Contrôle Prudentiel et de Résolution* (French banking and insurance supervisory authority or ACPR) may, with respect to mutual and cooperative groups, issue a collective license to a local bank for itself and all its affiliated local banks "when the liquidity and solvency of the local banks are guaranteed through this affiliation". The Caisse Fédérale de Crédit Mutuel has received a collective license for itself and all of its affiliated local banks. The ACPR has deemed that the liquidity and solvency of the local banks is guaranteed through this affiliation.

All the local banks and Caisse Fédérale de Crédit Mutuel contribute to a mutual guarantee fund (*fonds de solidarité*). Their contributions are calculated based on total assets and net banking income. The annual contributions are calculated such that the amount, added to reimbursed subsidies, covers the needs of loss-making local banks. The results of the mutual guarantee fund are therefore in principle balanced. Loss-making local banks and those whose income is not sufficient to remunerate member shares receive an annual subsidy to enable them to pay such remuneration.

These subsidies are repayable on a return to financial health. In such cases, the recovered local bank repays all or part of the subsidies received previously, within the limit of an amount enabling it to payout the dividends on class B member shares.

System at the national level

Confédération Nationale du Crédit Mutuel is responsible in particular for ensuring the solidity of its network and the proper operation of its affiliated banks. To this end, it must take all necessary measures, in particular to ensure the liquidity and solvency of each of its affiliated banks and that of the network as a whole (Article L. 511-31 of the French Monetary and Financial Code).

The Board of Directors of the CNCM may decide any necessary measures if the systems in place at the level of the regional groups prove inadequate to deal with the difficulties encountered by a group.

This Registration Document for the CM11-CIC Group also serves as the:

- ***Registration Document of Banque Fédérative du Crédit Mutuel in its capacity as the issuer for the CM11-CIC Group,***
- ***Annual financial report of Banque Fédérative du Crédit Mutuel,***
- ***Annual financial report of CM11-CIC Group.***

CONTENT

I. PRESENTATION OF THE CM11-CIC GROUP AND BFCM GROUP

I.1 - CM11-CIC Group and BFCM Group

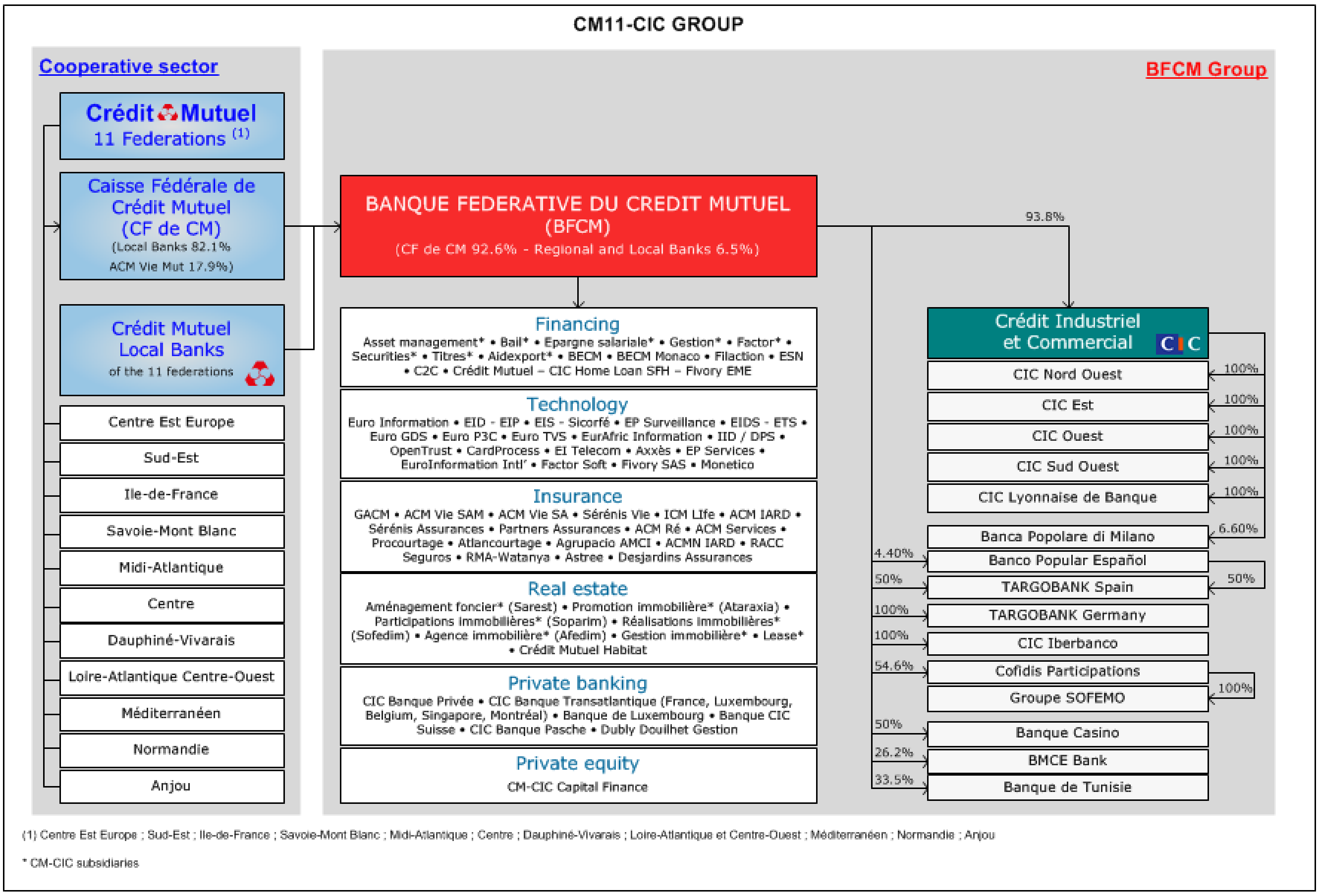
The regulatory scope and the BFCM Group together constitute the CM11-CIC Group.

- The regulatory scope (cooperative sector or Crédit Mutuel 11 Group or CM11 Group) consists of the Crédit Mutuel Centre Est Europe, Crédit Mutuel Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Centre, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel Méditerranéen, Crédit Mutuel Normandie and Crédit Mutuel Anjou federations, the Caisses de Crédit Mutuel which are members of their respective federations and Caisse Fédérale de Crédit Mutuel (CF de CM). This entity owns 99% of Banque Fédérative du Crédit Mutuel.

- The BFCM Group consists of:
  - Banque Fédérative du Crédit Mutuel, CM11-CIC Group's holding company, which owns a 93.8% equity interest in Crédit Industriel et Commercial (CIC) and also performs financing and capital market activities;
  - Crédit Industriel et Commercial, the holding company of CIC Group and head bank for the network, which is also a regional bank in Ile-de-France and carries out investment, financing and capital market activities;
  - specialized institutions by business line in France and abroad.

The CM11-CIC Group has 24.1 million customers, 4,669 points of sale and 65,430 employees.

<u>The CM11-CIC Group and BFCM Group General Organizational Chart</u>



I.1.1 - The cooperative sector

The Local Banks (Caisses de Crédit Mutuel (CCM)) are the lowest-level units of the banking network making up the CM11-CIC Group. The local banks under the control of their member shareholders are registered as variable capital credit cooperative companies with limited liability, or as cooperative trading companies with limited liability. Each local bank operates independently and provides local banking services.

The federations, which are entities with the status of associations in which membership is compulsory for the local banks, are the policy-making bodies that set the Group's strategic directions and organize solidarity among the local banks.

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

Initially serving the Local Banks of the Crédit Mutuel Centre Est Europe (CMCEE) federation, the Caisse Fédérale de Crédit Mutuel has, through partnership agreements signed between 1993 and 2011, put its logistical and financial support resources to work on behalf of the Local Banks from 10 other federations. The collective banking license for the successive new entities was granted by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement*, *CECEI*).

The CM11 network now comprises 1,382 Local Banks, 2,015 points of sale and 6.8 million customers, including 4.8 million member shareholders in 83 French departments, with a combined population of more than 45 million.

The 11 federations, the Crédit Mutuel Local Banks which are members of their respective federations and Caisse Fédérale de Crédit Mutuel together make up the regulatory scope, also known as the cooperative sector or CM11 Group. The cooperative sector owns a 99% equity interest in Banque Fédérative du Crédit Mutuel (BFCM).

I.1.2 - BFCM Group

The current configuration of Banque Fédérative du Crédit Mutuel is the result of restructuring operations carried out in 1992. The restructuring was designed to clarify the functions performed by the Group's various entities by distinguishing the cooperative activities of the parent company (Local Banks, Caisse Fédérale de Crédit Mutuel and the federations) from the diversified operations controlled by BFCM, a holding company.

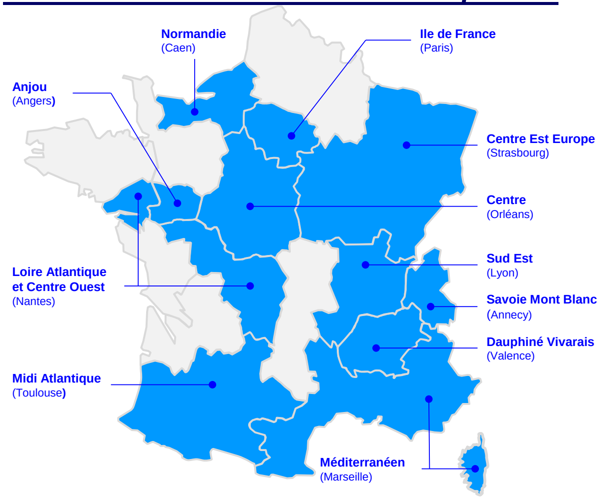
BFCM is therefore the parent company of the BFCM Group's subsidiaries and coordinates their activities. These subsidiaries are active in finance, insurance, electronic banking and information technology. BFCM performs the central refinancing function on behalf of CM11-CIC Group. It is responsible for financial relations with large corporates and local authorities through its payment processing, lending and financial engineering activities. BFCM also acts as custodian for investment funds (*Organismes de Placement Collectif – OPC*).

In its role as holding company, BFCM owns:

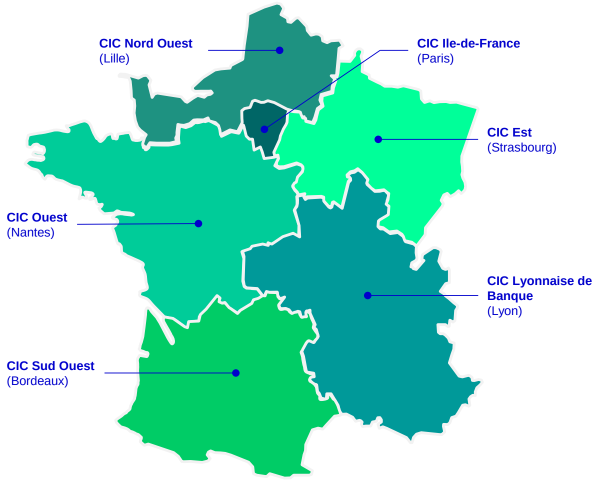
- 93.8% of Crédit Industriel et Commercial, CIC Group's holding company and head bank of the network, which also carries out investment, financing and capital market activities;
- 52.8% of Groupe des Assurances du Crédit Mutuel, which controls ACM IARD SA and ACM Vie SA and designs and manages insurance product lines in the property and casualty, liability, personal and life insurance segments;
- various institutions specialized by business line, both in France and abroad (including Banque Européenne du Crédit Mutuel, Cofidis Group, Targobank Germany, CM-CIC Asset Management, CM-CIC Factor, etc.).

BFCM, CIC, GACM and the various institutions specialized by business line all make up BFCM Group.

The 11 Crédit Mutuel Federations of CM11



The regional banks of CIC



CM11-CIC Group's main geographic locations

SPAIN
- TARGOBANK Spain
- Banco Popular Español
- Cofidis Spain
- Joint subsidiary with Royal Automobile Club de Catalogne (RACC) (Insurances)
- Agrupacio AMCI (Insurances)

TUNISIA
- Banque de Tunisie
- ASTREE (Insurances)
- Information International Developments (IID)
- Direct Phone Services

MOROCCO
- Banque Marocaine du Commerce Extérieur (BMCE)
- RMA Watanya (Insurances)

GERMANY
- BFCM Francfort
- BECM Francfort, Düsseldorf, Stuttgart
- CM-CIC Leasing GmbH
- TARGOBANK Germany

BELGIUM
- CM-CIC Leasing Benelux
- Banque Transatlantique Belgium
- Partners (Insurances)
- Cofidis Belgium

LUXEMBOURG
- Banque de Luxembourg
- Banque Transatlantique Luxembourg
- ICM Life (Insurances)
- ACM Ré (Insurances)

SWITZERLAND
- CIC Private Banking – Banque Pasche
- CIC Switzerland

GREAT-BRITAIN
- CIC branch

ITALY
- Cofidis Italy
- Banca Popolare di Milano

PORTUGAL
- Cofidis Portugal

HUNGARY
- Cofidis Hungary

SLOVAKIA
- Cofidis Slovakia

CZECH REPUBLIC
- Cofidis Czech republic

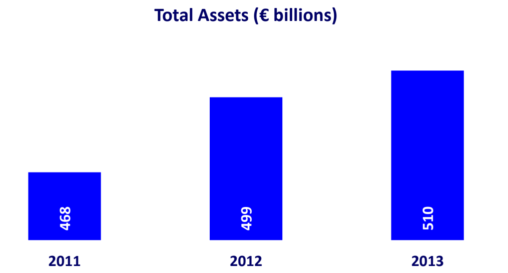
I.2 - Key figures – Solvency ratio and ratings

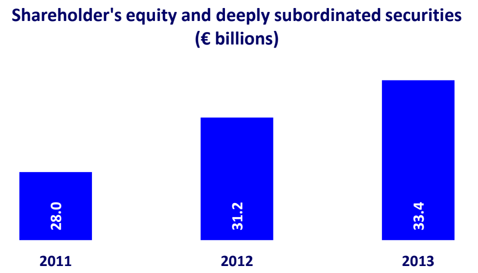
The 2011 figures reflect IAS19-R and the restatement related to the investment in Banco Popular Español.

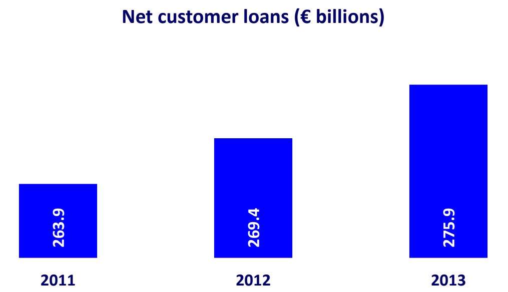
CM11-CIC Group

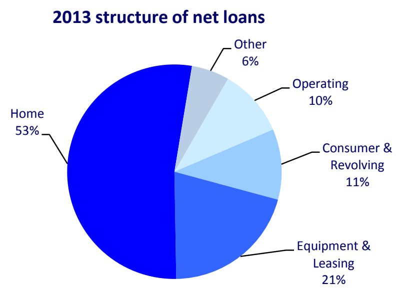
€ millions	2013	2012	2011
Net banking income	**11,977**	11,462	11,065
Operating income	**3,434**	3,040	2,679
Net income	**2,214**	1,823	1,843
Net income attributable to the group	**2,011**	1,622	1,660
Cost-to-income ratio[1]	**62%**	64%	63%

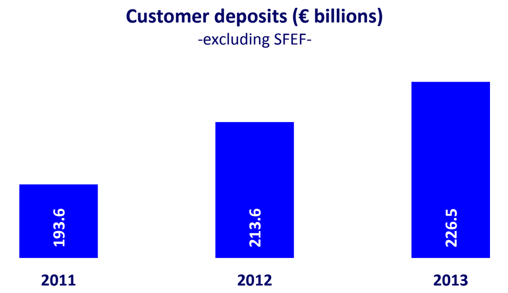
(1) Ratio of overheads to net banking income

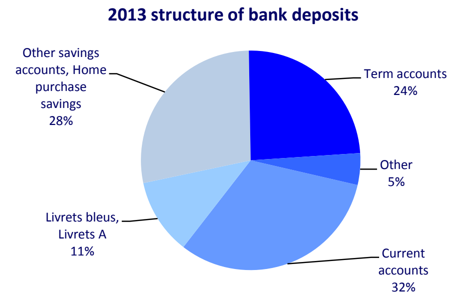


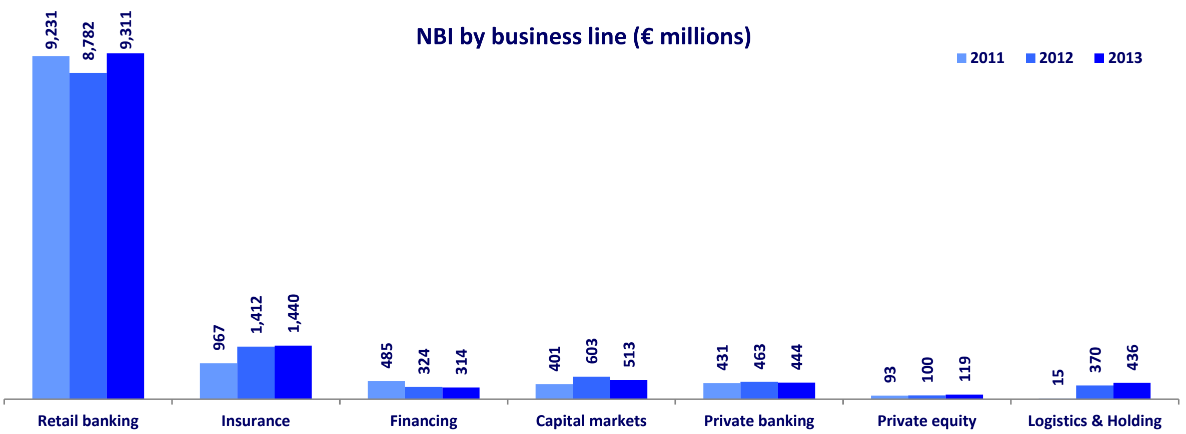






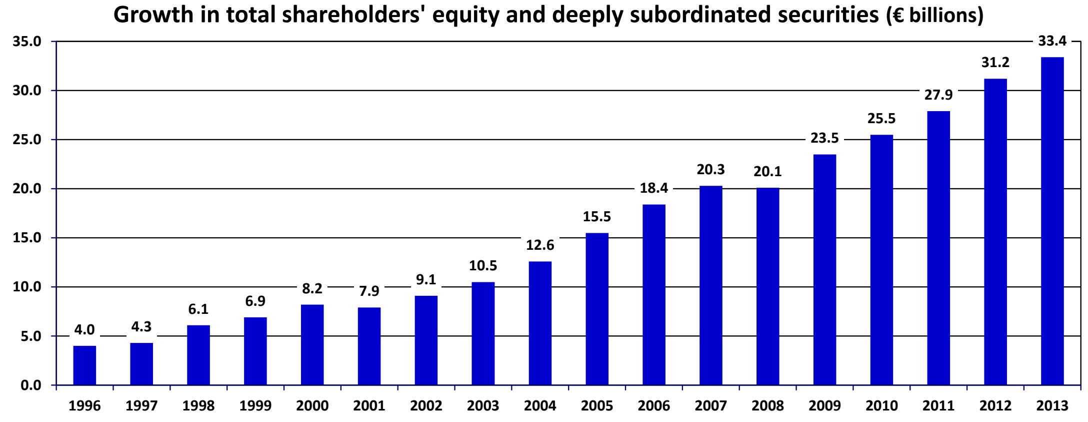






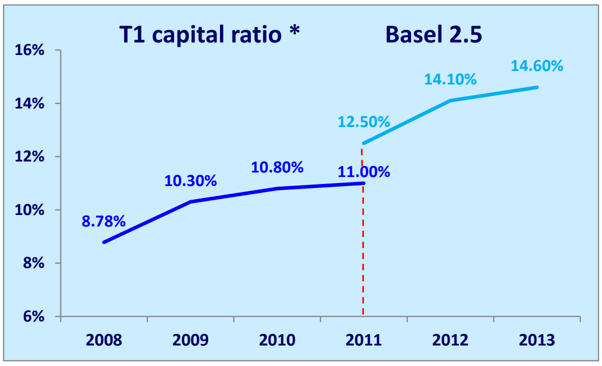
CM11-CIC Group European Solvency Ratio and BFCM Ratings

As of December 31, 2013, reported equity and super-subordinated securities totaled €33.4 billion and Tier 1 capital was €22.6 billion.



The common equity Tier 1 solvency ratio, calculated according to Basel 2.5 rules, was 14.6%, one of the best in Europe, which facilitates the group's access to the financial markets. Information on CM11-CIC Group's solvency ratio risks are presented in the section "Information on Basel II Pillar 3".

Under Basel 3 rules, defined in the Capital Requirements Regulation of June 26, 2013 effective from January 1, 2014, the common equity Tier 1 ratio at December 31, 2013 was 13.0%. In addition, the Group's leverage ratio was 5.2%.



** T1 ratio from 2008 to 2011 : with Basel I additional requirements in terms of floors*

At 12/31/2013	**Basel 3** (without transitional measures)
Common equity Tier 1 ratio**	13.0%
Overall ratio**	15.8%
Leverage ratio (minimum ratio of 3% to be complied with by January 1, 2018)	5.2%

*** as required under CRR/CRD4; risk-weighted for the equity-accounted value of group insurance companies*

BFCM's short-term rating assigned by Fitch Ratings was downgraded on July 17, 2013 from F1+ to F1 following the downgrade of the French government's rating on July 12, 2013. The short-term ratings assigned by Standard & Poor's and Moody's remained unchanged in 2013.

Moody's and Fitch Ratings confirmed BFCM's long-term rating, while Standard & Poor's reduced it by a notch given France's outlook and economic environment. This downgrade does not call into question Crédit Mutuel's fundamentals. The Group’s ratings remain as high as those of any French bank and attest to the soundness of its financial structure.

	Standard & Poor’s	Moody’s	Fitch Ratings
Long-term rating	A	Aa3	A+
Short-term rating	A-1	P-1	F1
Outlook	Stable	Negative	Stable

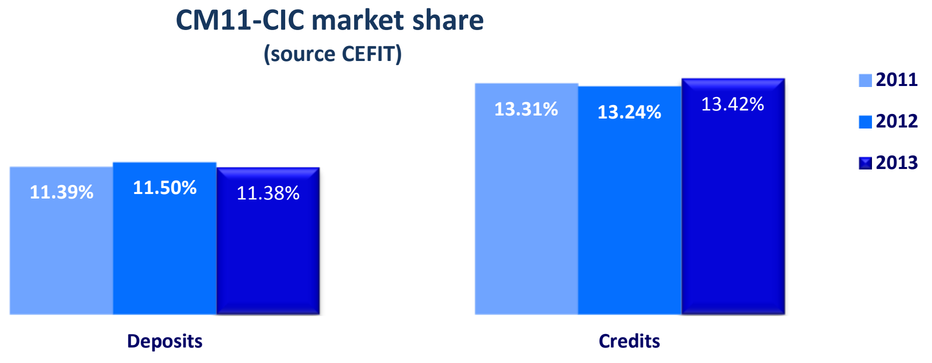
I.3 - CM11-CIC Group organization and business lines

CM11-CIC Group, which consists of the cooperative sector and BFCM Group, is controlled by 11 Crédit Mutuel federations: Centre Est Europe, du Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, du Centre, Normandie, Dauphiné-Vivarais, Méditerranéen and Anjou. These federations are members of the Confédération Nationale du Crédit Mutuel, the central body whose mission is to represent the group before the public authorities, promote and defend its interests and exercise control over the federations.

The Group’s competitive position[1] is analyzed at the level of the Crédit Mutuel Group as a whole, whose retail banking and insurance business lines make it a major retail banking and insurance player in France. Crédit Mutuel Group has a 17.3% market share for bank credit and a 14.9% market share for deposits. In other segments, Crédit Mutuel Group ranks as follows:

No. 1 banking and insurance company for property and casualty insurance
No. 1 bank for associations and works councils
No. 2 bank in electronic banking
No. 2 bank in farm lending
No. 3 bank in home loans
No. 3 bank for SMEs
No. 1 bank for consumer credit in Europe

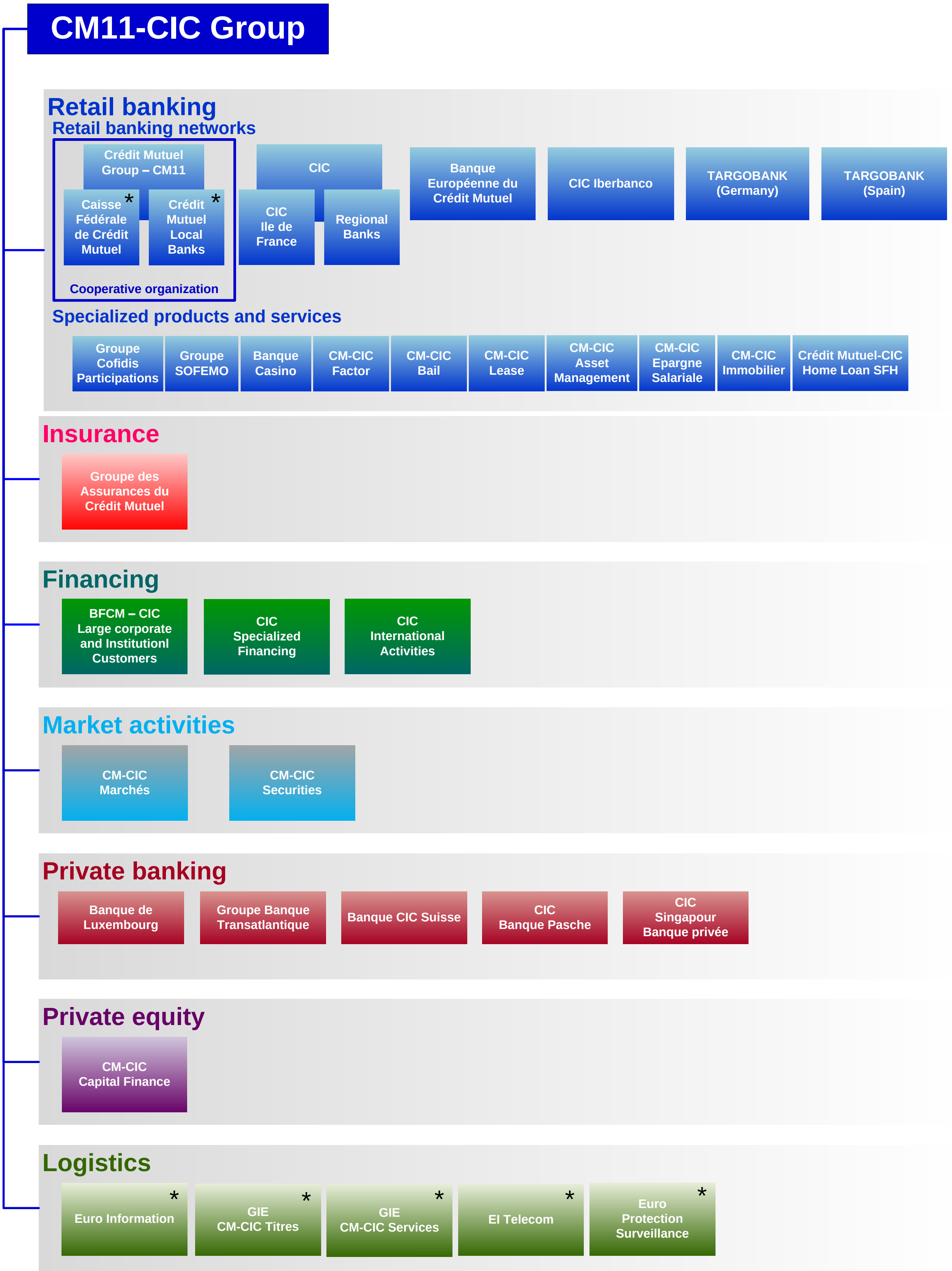
CM11-CIC Group’s market share for deposits and bank credit remained generally stable in 2013, at 11.38% and 13.42%, respectively.



The Group did not market new products or carry out new activities in 2013.

[1] The sources of the rankings are explicitly stated; otherwise the information is based on internal sources.

I.3.1 - CM11-CIC Group simplified organizational chart



** Entities unconsolidated in the BFCM group*

I.3.2 - The Group's Business Lines and Main Subsidiaries

I.3.2.1 - Retail banking, the group's core business

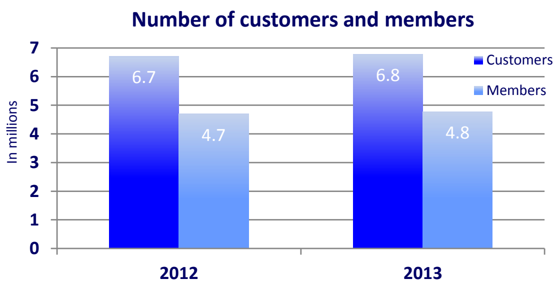
Retail banking is CM11-CIC Group's core business and represents nearly 80% of its net income. It includes the Crédit Mutuel local banks, the CIC banking network, Banque Européenne du Crédit Mutuel, CIC Iberbanco, the Targobank branches in Germany and Spain, Cofidis Participations, Banque Casino and all the specialized activities whose products are marketed by the networks, such as insurance brokerage, equipment leasing and leasing with purchase option, real estate leasing, factoring, fund management, employee savings, telephony, remote surveillance and real estate sales.

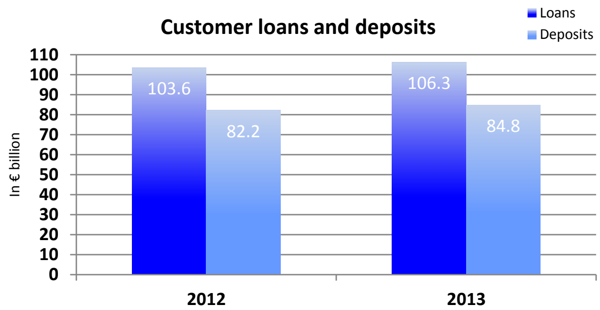
The sales performance of all these activities was strong. Bank deposit intake – one of the Group's priorities for greater refinancing of its loans through internal resources – rose by more than 5%. Loan outstandings also increased, although at a slower pace (+2.8%).

I.3.2.1.1 - CM11-CIC Group retail banking networks

Crédit Mutuel 11 Group

The CM11 Group continued to serve the needs of its customers, which include private individuals, associations, professionals and corporates. The number of customers increased by 73,000 to 6.8 million. More than 86,000 customers became members. This means that 7 out of 10 customers will be able to actively participate in the decisions affecting their local bank at shareholders' meetings with respect to 2013.



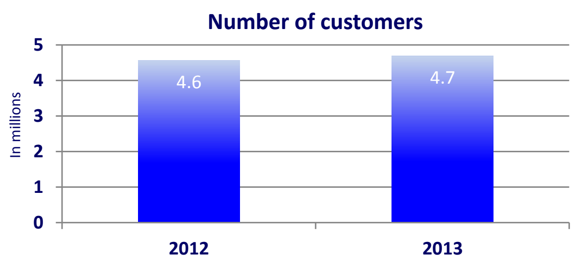


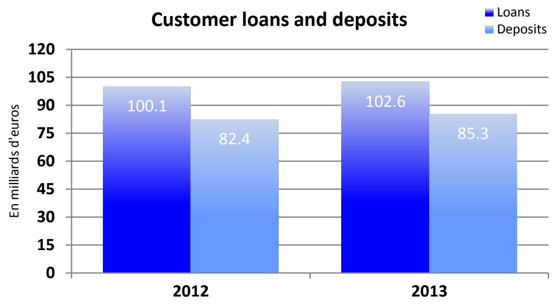
Loan outstandings increased by €2.7 billion, reflecting chiefly a €2.4 billion or 3.1%rise in home loans. Total loan outstandings were €106.3 billion.
Bank deposits increased by nearly €2.6 billion, bringing total deposits to nearly €84.8 billion. New deposits on current accounts and Livret Bleu savings accounts accounted for the bulk of this increase. Managed savings saw an equally healthy increase of 3.8% to €109.4 billion.

CIC - Banking networks

CIC's banking networks consist of CIC's regional banking networks and CIC's network in Île-de-France.

Retail banking is also CIC's core business. The bank continued to extend its coverage in France by opening 15 new branches, mainly in the Paris area and in the west and southwest of the country. This focus on growth and service quality at the local level enabled CIC to add 120,000 new customers, bringing the total number to nearly 4.7 million.





Loan outstandings increased by €2.5 billion to €102.6 billion, driven mainly by equipment and home loans, which increased by 5.1% and 3.3%, respectively. Bank deposits saw a healthy 3.5% increase to €85.3 billion. Financial savings increased by 2.7% to €55.4 billion.

Banque Européenne du Crédit Mutuel (BECM)

The BECM network bank works alongside the Crédit Mutuel banking network and with the CIC branch network in four main markets:

- large and medium-sized corporates;
- financing for real estate developers and investors, mainly in the housing sector;
- real estate companies specializing in the management of leased residential and commercial properties and office space;
- management of payments from large order-givers in the retail, transport and services sectors.

Serving 18,000 customers, it has a 46-branch network extending from France and Germany to Saint Martin and including a Monaco subsidiary.

The lackluster economic environment and weak demand for credit from French businesses combined with a movement by real estate companies into bond issues led to a 3.4% decrease in loans granted to €10.1 billion.

The sturdy efforts of its employees enabled BECM to post a further significant increase in deposits, which rose by 20.3% to €6.5 billion. Financial savings totaled €3.1 billion, up 2.6%.

CIC Iberbanco

With 128 employees working at 22 branches in Ile-de-France, the Lyon region and southern France (Bordeaux, Bayonne, Midi-Pyrénées and Languedoc-Roussillon), CIC Iberbanco added over 6,700 new customers, bringing the total number to more than 40,000.

Customer savings deposits increased by 9.3% to €481 million. Overall loan outstandings totaled €394 million, an increase of more than 18%.

The insurance and telephony activities are trending favorably, with 16,672 (+17.5%) and 3,318 (+23.9%) contracts, respectively.

Targobank Germany

The sustained growth in loan outstandings benefited from a further increase in personal loan production, bringing them to €10.6 billion, up 4.5% from a year earlier. This asset growth was wholly refinanced by an increase in customer deposits, which rose by 6.3% to €11.3 billion.

The wealth management business is also growing. Financial savings totaled nearly €9 billion at year-end, up 7.2%.
These satisfactory results stem from a strategy focusing on:
- expansion of the sales network: eight branches were opened in 2013, bringing the number of sales outlets at year-end to 351.
- the gradual roll-out of auto loan products (€59 million in outstanding loans at December 31, 2013).

Another notable event in 2013 was the acquisition of the retail banking activities of Valovis Bank AG. This acquisition, which will be completed in 2014, strengthens the bank's position in the vendor credit and credit card market. It will make Targobank Germany's third largest credit card issuer.

Targobank Spain

(Proportionally consolidated subsidiary whose contribution to the financial statements, as detailed below, represents 50% of its results)

An all-purpose bank jointly held 50-50 by BFCM and Banco Popular Español, Targobank Spain has 125 branches located for the most part in Spain’s main centers of economic activity and 231,000 customers, more than 80% of which are individuals. It manages 147 ATMs and 104,000 debit and credit cards.

Loan outstandings, the majority of which were home loans, totaled more than €1.9 billion. Customer deposits totaled €1.6 billion.

I.3.2.1.2 - Ancillary businesses to retail banking

These businesses include the specialized subsidiaries that market their products through their own applications and/or through the CM11-CIC Group's local banks and branches: consumer credit, factoring and receivables management, leasing, fund management and employee savings.

Consumer credit

COFIDIS Group

Cofidis Participations, which is jointly held with Argosyn (formerly 3SI), designs, sells and manages a broad range of financial services such as consumer credit, payment solutions and banking services (current accounts, savings, online brokerage and investments). To that end, it has three brands specializing in the sale of financial products and services:

- Cofidis, a European online credit specialist based in France, Belgium, Italy, Spain, Portugal, Czech Republic, Hungary and Slovakia;
- Monabanq, the CM11-CIC online bank;
- Créatis, a specialist in consumer credit consolidation.

Sofemo, a former BFCM and CIC subsidiary, became part of the Cofidis Participations Group in May 2013. This company focuses on installment loans and the development of vendor credit.
Loan outstandings (including Sofemo) totaled nearly €9 billion, up 3.2% on a comparable consolidation scope basis.

Banque Casino

(Proportionally consolidated subsidiary whose contribution to the financial statements, as detailed below, represents 50% of its results)

Banque Casino, which has been jointly held 50-50 with Casino Group since July 2011, distributes credit cards, consumer credit and insurance products in Géant Casino hypermarkets, Casino supermarkets and online through the C-Discount e-commerce site.
2013 was marked by growth in the overall lending activity, underpinned by the launch of a four-installment payment solution for financing C-Discount sales, and ongoing sound risk management.

Factoring and receivables management

CM-CIC Factor is Crédit Mutuel-CIC Group's business center for receivables financing and management. It provides short-term financing for companies, in France and abroad, with a line of factoring and assignment solutions for disclosed trade receivables.
CM-CIC Factor increased its market share for the fifth consecutive year, with:

- a 17% increase in the volume of purchased receivables, to €21.4 billion;
- €1.6 billion in export revenues (up 13%);
- Gross managed outstandings at year-end of €3.7 billion (up 30%); and
- more than 11,500 active customers.

The business development with CM-CIC Group banks generated €35.8 million in new business and risk commissions (up 13%).
In the factoring, commercial production, of nearly €9.3 billion, was mainly tied to sharp growth in the Orféo product range, which offers specific solutions to large and medium-sized enterprises. In this area, the cost of risk during the year was kept well under control at 0.07% of gross outstandings.

Leasing

CM-CIC Bail

In 2013, CM-CIC Bail generated virtually the same level of revenue as in 2012, thanks to the strength of the Crédit Mutuel and CIC banking networks, its activity with partner companies and Bail Marine.

The completion of the medium-term plan in 2013 allowed CM-CIC Bail to:

- become France's largest leasing company,
- improve its productivity through electronic document management and the roll-out of new processes,
- initiate new means of development,
- adapt its organization to changes at the company,
- secure all its activities,
- continue to improve quality through the "service attitude" project.

CM-CIC Lease

In 2013, in a relatively quiet market for commercial real estate transactions and new project launches, CM-CIC Lease's activity grew by 18%.

303 new real estate lease financing agreements totaling €684 million were signed on behalf of Crédit Mutuel-CIC customers, primarily for industrial properties (26%), warehouses (25%) and commercial properties (20%).

Total outstandings, including committed transactions (off-balance sheet), grew by 6% to more than €3.8 billion. Of this total, 69% involve commercial, industrial and warehouse facilities in roughly equal measure, while the balance comprises facilities in a range of other sectors: office space, healthcare, hotels, recreation and education.

Efforts to improve customer satisfaction led to the introduction or continued roll-out of new internal and external procedures with partners during the year. These procedures focus primarily on shorter request processing and notarial instrument signature times and faster, more streamlined management of construction sites. Others are designed to significantly reduce the time needed to make decisions and complete the legal transactions required to implement real estate lease agreements and manage the buildings owned.

Fund management and employee savings

CM-CIC Asset Management

In 2013, CM-CIC Asset Management, the business center for Crédit Mutuel-CIC Group's asset management and France's fifth largest asset manager, recorded 1.6% growth in assets under management in the French market, from €57.8 billion to €58.7 billion*, increasing its market share from 5.5% to 5.7%*.

This increase was mainly due to additional inflows of €525 million* in low-risk assets (public funds). Despite still low interest rates, money market funds, among the highest rated in the market (first decile for *Union Moneplus* and *Union Monecourt* at December 31, 2013**), continued to post gains through subscriptions by companies and institutional investors, enabling CM-CIC Asset Management to become France's second-leading asset manager in terms of cash funds in 2013**.

As for equity mutual funds, CM-CIC Asset Management's performance was in line with the stock market, which was again on an upward trend. The relative portion of equity mutual fund outstandings therefore rose from 8.9% to 10.4% of total assets*.

To best support the Crédit Mutuel and CIC networks, steps were taken to restructure the asset management product ranges.

For example, the entire *Mid Cap* range was updated with two resized and renamed funds, *Union Entrepreneurs* and *Union Mid Cap*. A new SME stock savings plan was implemented by the Group, with two funds resulting from this reorganization: *Union PME ETI Actions* and *Union PME ETI Diversifié*. Total "*Mid Cap*" outstandings grew by 48% in 2013, i.e. €153 million.

The *Europe Thématique* range saw the addition of a *Union Europe Rendement* fund whose outstandings increased by 65% (€191 million).

To get the benefit of an attractive return that is less susceptible to a potential rise in interest rates, at the beginning of the year CM-CIC Asset Management launched *Union Obli High Yield 2018* in the bond segment, a combination of high-yield bonds and staggered maturities.

During the year, CM-CIC Asset Management also endeavored to plan for the future and take advantage of opportunities.

The commercial ranges were reorganized and segmented for each of Crédit Mutuel-CIC's business lines and markets: individuals, wealth management clients, private banking, professionals, farmers, corporates, associations, mutual companies and institutions. Information on specific funds was provided regularly via letters, videos and interviews posted on the group's intranet and Internet portals, and a new more comprehensive and easy-to-understand report was introduced.

2013 saw the successful launch of new formula-based funds, which recorded a total inflow of €363 million.

Several initiatives focusing on socially responsible investment and the organization of joint requests for proposals were undertaken with CM-CIC Epargne Salariale.

In Germany, the new sales policy integrated into Targobank's internal structures and methods and the creation of two funds under the Crédit Mutuel brand had promising starts.

The year ended with the conversion of the group's portfolio management company, CM-CIC Gestion, into a subsidiary. This conversion, authorized by the AMF, became effective on December 30, 2013 and affects nearly 360 people throughout France.

CM-CIC Asset Management remains a recognized specialist in its field. Its role as an accounting services provider has been further enhanced with the valuation of 1,018** internal and external collective investment undertakings (including 332 for 79** third-party asset management companies).

CM-CIC Asset Management's revenue totaled €216 million and the amount of commissions paid to all the distribution networks was €160 million.

** source: Europerformance monthly report at December 31, 2013*
*** source: Europerformance prize at December 31, 2013*

CM-CIC Epargne Salariale

At year-end 2013, CM-CIC Epargne Salariale, the employee savings business center for CIC and Crédit Mutuel, had:

- €6,535 billion in managed savings (+6.2%);
- 66,833 corporate customers (+7%);
- 1,383,091 employees with savings under management.

The growth in assets under management was largely due to increased valuations of the equity and bond markets and the growth in the customer base achieved over the past few years, in a year in which net inflows were negative.

In fact, 2013 saw a significant rise in withdrawals (+43.7%) driven by the government measure that allowed the exceptional release of employee savings contributions, under certain conditions, between July 1 and December 31.

Sales activity was particularly strong in the corporates market, where new capital inflows were up by 56.5%.

Payments to savings plans increased by 6.1% as a result of the tendency to save in a difficult economic environment.

This past year saw significant capital expenditure on information technology aimed at enhancing services to companies and savers.

Since June 30, 2013, CM-CIC Epargne Salariale has moved up from fourth to third place in the rankings of employee savings managers based on the number of accounts managed.

Other

Real Estate (CM-CIC Immobilier SAS)

The CM-CIC Immobilier subsidiary develops building sites and housing units through various companies. It sells new housing units and manages housing units of investors through CM-CIC Gestion Immobilière. It also participates in financing rounds related to real estate development transactions.

Crédit Mutuel-CIC Home Loan SFH

Given that the markets operated in a context favorable to refinancing throughout most of 2013, the bulk of our issues were carried out under the BFCM signature.

However, with issues totaling €2.843 billion over the year, CM-CIC Home Loan SFH accounted for 16% of CM11-CIC Group's medium- and long-term external refinancing.
Three public issues carried out by CM-CIC Home Loan SFH are particularly noteworthy:

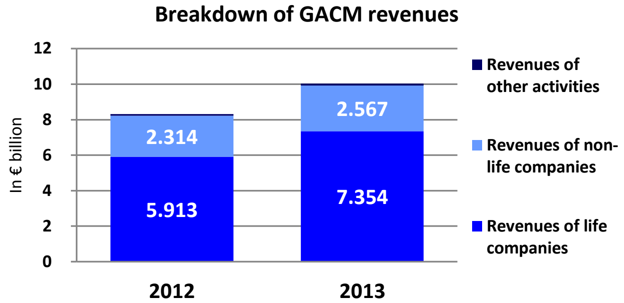
- €1.25 billion over 7 years (April 2013),
- GBP 250 million over 3 years (April 2013),
- €1.0 billion over 10 years (September 2013).

I.3.2.2 - Insurance, the group's second business line

Crédit Mutuel created and developed "bankinsurance" starting in 1971. This longstanding experience has enabled the activity, carried out through Groupe des Assurances du Crédit Mutuel (GACM), to be fully integrated into CM11-CIC Group at both the sales and technical levels. GACM serves more than 8.4 million holders of 26.2 million policies, up from 7.9 million and 24.8 million, respectively, in 2012.

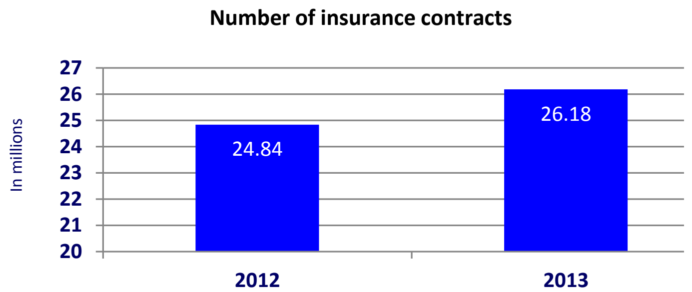
The year was marked by significant legislative changes that affected the insurance sector. They included the reorganization of the supplementary health insurance market following the French multi-sector bargaining agreement (*Accord National Interprofessionnel*), the creation of the Euro Croissance and Vie Génération life insurance policies, and draft legislation on consumption.

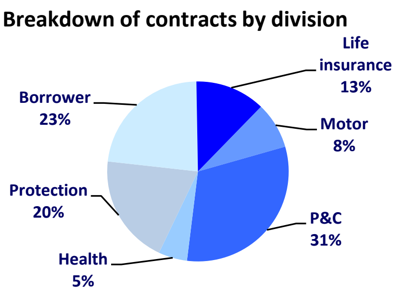
CM11-CIC Group's insurance business recorded exceptional results, with revenues rising by more than 21% and exceeding the €10 billion threshold for the first time. 2013 marked the first year in which the Spanish subsidiary Agrupacio was consolidated. On a comparable consolidation scope basis, premiums grew at a high rate (+18%).



In terms of sales, gross premium income on life insurance and annuity products rose by 30% to more than €6.1 billion. On a comparable consolidation scope basis, net premiums (after benefit payments to policyholders) totaled €1.8 billion, allowing the volume of life insurance and annuity products to increase by more than 5%.

With revenues up 8.1% (+4.8% excluding Agrupacio), the property and casualty insurance business continued its steady growth. As in 2012, the auto and home insurance segments significantly outperformed the market average, posting respective gains of 5.7% and 10.0%. Personal insurance rose by 8.5% thanks to the integration of the Spanish subsidiary; excluding Agrupacio, it rose by 3.3%, in line with the previous year.





In terms of claims, the number of property insurance claims decreased despite the various weather-related events during the year.

I.3.2.3 – Financing activities

Financing activities (corporate banking) include the financing of large corporate and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and financing carried out by foreign branches. As of December 31, 2013, the Group's financing activities included €12 billion in credits (-8%) and €8.7 billion in deposits (+56%).

I.3.2.3.1 - Large accounts: corporates and institutional investors

As expected, in 2013 the euro zone economy remained in the doldrums, recording only anemic growth. Large French corporations with a strong international presence sought growth opportunities in emerging countries, whose expansion slowed down at the end of the year.
This environment led companies to adopt a conservative approach to investing, thereby reducing their demand for credit. As a result, the volume of new financing transactions was low and most transactions involved renewals in often lower amounts. In a context of strong improvement in bank liquidity, margin and commission conditions declined significantly. In addition, the disintermediation trend continued, mainly during the first half of the year, and with a sharp increase in private placements. CM-CIC therefore managed or participated in several bond issues, including those of ADEO, Air Liquide and Rallye.
The group's financial soundness, confirmed by the rating agencies, enabled further growth in deposits among both large corporates and institutional investors. A dedicated sales team now markets all the group's investment products and services.
In 2013, preparations for SEPA migration (SCT, SDD) were also underway in view of the January 29, 2014 end date. The staff made great efforts, and continue to do so in 2014, to help clients implement this system by the specified deadline.
The large accounts department (*Direction des Grands Comptes*) continued to focus on development of the group's know-how and expertise through major agreements in the area of employee benefits engineering and factoring with CAC 40 groups.

In a still challenging environment, in 2014 Large Accounts continues to support its clients, with special attention given to means of payment in Europe and beyond, by drawing on the expertise of both the group and our Canadian partner, Mouvement Desjardins.

I.3.2.3.2 - Specialized financing

In 2013, competition from non-banking institutions, particularly in acquisition financing, increased. This put added pressure on financing conditions and a number of opportunities were lost to these newcomers. At December 31, 2013 on-balance sheet outstandings were down 4.3%.

Acquisition financing

CM-CIC Group supports its clients in their company transfers, acquisitions and growth plans by providing its expertise and know-how in the structuring of appropriate financing for each type of transaction.
In terms of revenues, activity was satisfactory, particularly in the small-mid cap segment with a higher number of completed transactions. Close attention was paid to the risk/return ratio on new business transactions. The staff carefully and effectively managed syndication risks.
In a market that has seen an influx of liquidity, the decrease in margins and pressure on entities have been felt in France and in the bank's foreign branches. Several initiatives related to debt management were launched to take advantage of growth in this sector.

Asset financing

After a lackluster 2012, production increased in 2013 in Paris, New York and Singapore in all monitored markets despite a difficult economic environment, particularly in the shipping sector (dry bulk, oil and container transport).
CIC maintained a cautious intervention policy while remaining attentive to its clients' financing needs. It was a major player in the financing of the largest seagoing vessel under a French flag and Airbus export sales. Competition from banks (US and Asian) stiffened for the best projects and counterparties, which led to a further decrease in margins.
Optimized financing transactions played a significant role in generating commissions.
The staff also focused their efforts on regulatory changes.

Project financing
In 2013, appetite for the Infrastructure class increased: debt funds completed their first transactions and project financing banks made a notable comeback.
CIC received approval from the European Investment Bank (EIB) for one of its Biomass programs, which makes it eligible for optimized refinancing.
The business line confirmed its presence in the electricity sector with 7 new projects out of a total of 10 in 2013, including the financing of a biomass-based power plant in Rennes, a thermal power plant in Le Moule in Guadeloupe, and wind farms in Aube, Marne and Beauce, and the refinancing of a portfolio of 440 MW wind farms. There was also one infrastructure operation (construction and maintenance of trains in Great Britain) and two telecommunications operations (Netherlands and the UK).
The breakdown of production approvals in 2013 by business segment is as follows: 52.5% in electricity, 31% in infrastructure and 16.5% in telecommunications infrastructure. The breakdown by geographic area is as follows: 90.1% in Europe, 4.9% in Asia-Pacific and 5% in America.
For projects approved (in process) the breakdown is: 41.5% in electricity, 45.7% in infrastructure, 2.4% in telecommunications infrastructure and 10.4% in natural resources.

International activities and foreign branches
The main focus of CM11-CIC Group's international strategy is to support clients with their international development by offering a diversified line of products and services adapted to each company's needs.
Through CIC Développement International, CM-CIC Aidexport and the CIC branches located in London, New York, Singapore, Hong Kong and Sydney, CM11-CIC Group has the resources to achieve this goal.
Support for clients doing business in other countries is also provided through strategic partnerships: in China with Bank of East Asia; in the Maghreb region with Banque Marocaine du Commerce Extérieur and Banque de Tunisie; and in Spain with Targobank and Banco Popular.

I.3.2.4 – Capital market activities

BFCM and CIC have consolidated their capital market activities within the same organization, CM-CIC Marchés, which carries out the CM11-CIC Group refinancing and commercial and proprietary trading activities from offices in Paris and Strasbourg, and through branches in New York, London, Frankfurt and Singapore.

These transactions are recognized on two balance sheets:

- BFCM for the refinancing business, and
- CIC for the commercial and proprietary trading activities in fixed-income products, equities and credits.

The Group has continued to secure and diversify its sources of funding and to assist many customers with their bond issues. It has also successfully extended its investment skills to customers for placements and hedging of financial risks.

The Group's capital market activities also include stock market intermediation provided by CM-CIC Securities.

I.3.2.4.1 - Refinancing
In 2013, the Group's refinancing benefited from a favorable environment.
CM11-CIC managed to raise €17.6 billion in medium- and long-term external funding, mainly in the second half of the year (56%).
Public issues made up 64% of this total, with private placements accounting for a significant share.
In what is a sign of a generally confident market, the proportion of covered bonds issued by Crédit Mutuel-CIC Home Loan SFH accounted for only 16% of the total, with most issues made by BFCM.
The percentage of volumes issued in foreign currencies increased to 16% as a result of the counterparty diversification strategy, particularly outside the euro zone.
Meetings with international investors are now being routinely held in major geographic areas (Europe, USA, Japan), which is enabling the CM11-CIC Group to quickly increase its name recognition and open new credit lines.

The contribution of the USA and Japan through two BFCM issues in October 2013 is particularly worth noting:

- the first, a three- and five-year issue under U.S. Rule 144A for USD 1.75 billion (€1.27 billion);
- the second, a Samurai issue for JPY 108 billion (€817 million), which was significant in terms of both size (one of the largest issues of its kind in Japan in 2013) and quality, in that it attracted more than 100 Japanese investors.

It should also be noted that the Group strengthened its ties with the EIB by securing in late 2013 a new €200 million portfolio of subsidized loans for SME financing which will be distributed by the regional banks with clients eligible for these facilities.

In addition, the Group maintained its presence in the short-term money market thanks to operations by its treasury sales teams in Paris, Frankfurt and London and various short-term programs offering negotiable certificates of deposit, euro commercial paper and London CDs.

More generally, in terms of treasury and refinancing activities, the group successfully pursued its strategy aimed at:

- increasing the proportion of medium- and long-term resources (65% of the total at the end of December 2013),
- consolidating CM11-CIC's liquidity and securing it against a prolonged shutdown of the money markets by holding an LCR and/or ECB-eligible asset buffer calibrated at 145% of market resources due to mature within 12 months of December 31, 2013.

I.3.2.4.2 - Commercial trading

In France, the sales teams are based in Paris and in large regional cities. They offer network customers and large corporate clients risk hedging solutions (interest rate, foreign exchange, commodities), refinancing (particularly commercial paper) and traditional and structured investments.

The commercial trading business includes a unique and high-performance line of investment products, which are derived directly from the business line's expertise in "fixed-income, equity and credit investments".

These activities recorded satisfactory growth in 2013, thanks in particular to the launch of two new sub-funds in UCITS format.

I.3.2.4.3 - Fixed-income - equity - credit investments

The teams strive to enhance the group's profitability through investments carried out within a framework of specific limits. The investments consist mainly of purchases and sales of financial securities purchased with the intent of being held for the long term, as well as transactions involving financial instruments related to these securities.

The year 2013 was marked by:

- accommodating monetary policies of central banks,
- abundant liquidity,
- a start of the year marked by an easing of credit spreads and improvement in risk perception in the weakest peripheral countries,
- a favorable economic climate in Europe in the second half and a recovery in North America at year-end.

In this environment, positions were managed conservatively. Capital markets results were significantly higher than projected in both France and New York.

Returns on alternative management products offered to clients were satisfactory. For example, the return on the Stork alternatively-managed fund, the main investment fund, topped 11% in 2013 (9.3% at an annualized rate since its launch in June 2007). Overall outstandings sold increased by 39%.

I.3.2.4.4 - Stock market intermediation

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

As a member of ESN LLP, a multi-local network comprising nine intermediaries present in nine European countries (Germany, Netherlands, Belgium, Finland, Italy, Spain, Portugal, Greece and France) and the majority shareholder of GSN North America (USA and Canada), it can trade on behalf of its clients in all European and North American equity markets as well as in numerous emerging markets.
ESN covers 700 European companies and has a research team of 100 analysts and strategists and 150 sales representatives and traders throughout Europe.
For its part, CM-CIC Securities has 30 analysts and strategists based in France, and a sales force of 28 people in Paris and Lyon and 7 in New York (GSN North America). It also has a sales force of five people for index derivatives, equities and agricultural commodities (Préviris coverage offered to farmers for their wheat, canola and corn harvests) and nine sales staff and traders for traditional and convertible bonds.

The company also offers high-quality research on U.S. and Canadian equities and on commodities thanks to exclusive distribution agreements for Europe signed with Needham & Co., an independent US investment bank based in New York, Valeurs Mobilières Desjardins, a subsidiary of Mouvement Desjardins, Canada's leading cooperative financial group, and Afrifocus Securities, an independent broker in South Africa. In 2013, a new research distribution agreement covering Brazilian securities was signed by ESN and CGD Securities, an investment firm and subsidiary of ESN's Portuguese partner.

During the year, CM-CIC Securities organized more than 250 company and analyst presentations (road shows) and seminars in France and abroad.

As an account depository/custodian, CM-CIC Securities serves 116 asset management companies, administers 25,000 individual accounts and acts as depository for nearly 300 mutual funds, representing €19.3 billion in assets. The investment firm welcomed eight new asset management companies, which recognize the expertise of its staff, the quality of its SOFI account-keeping software and CM-CIC's sound financial position.

Through its CM-CIC Corporate department, CM-CIC Securities is the business center for the group's financial transactions business. It draws on the expertise of CM-CIC Capital Finance's capital structuring and specialized financing teams and benefits from the commercial coverage of "Large Accounts" and the network, including CIC Banque Privée, BECM, CIC Banque Transatlantique, etc. Partnership agreements with all ESN members have expanded its "stock market transactions" and "mergers & acquisitions" activities to the rest of Europe.

In 2013, it participated in 22 bond offerings, 17 of which as book runner (including 16 "syndicated public issues" for such clients as Air Liquide, Unibail and Wendel). These bond offerings included private investment operations for *Groupe ADEO, Akka Technologies and Cofitem.* The transactions carried out by the Equity Capital Markets team included an IPO (*Ekinops*), a capital increase for *Rubis*, an issue of subordinated equity notes (OSRANE) for *OL Groupe* and an issue of convertible bonds for *Naturex*.

The department also provides issuer services (financial communications, liquidity agreements and stock buybacks, financial secretarial and securities services).

I.3.2.5 - Private banking

Through CIC Private Banking, the Group's private banking activities develop know-how in financial and wealth management, which is offered to the families of business owners and private investors around the world and particularly in Europe and Asia.
Internationally, the group has entities, some of them long-established, in countries and areas where private banking offers growth potential, including Luxembourg, Switzerland, Belgium, and Asia.
Its brands offer nearly 180,000 clients a wide range of high value-added services, with €103 billion in assets under management, €14 billion in commitments and 1,900 employees.

In France, two key players operate:

- CIC Banque Privée, business line integrated into the CIC network, mainly targets senior executives;
- CIC Banque Transatlantique, whose tailor-made services, aimed largely at French nationals living abroad, include private banking and stock options.

CIC Banque Privée

With 342 employees in more than 50 cities in France, *CIC Banque Privée* assists high net worth families and senior executives, particularly at key stages of their businesses: admission of new shareholders, external growth and transfers of family-owned businesses.
Working together with wealth engineers, its 179 private banking managers help business owners identify their requirements and determine the appropriate business and wealth strategy.
All CM-CIC Group's skills, particularly its international skills, are mobilized to offer the best solutions.
In 2013, in a more favorable financial environment, CIC Banque Privée continued to grow and attract inflows of funds by drawing on its industry expertise and selecting the best banking and financial products in the market.
Increasing the staff in France and providing targeted training programs contributed to the business line's expansion.
The *Sélection F* and *Sélection Patrimoine* multi-management products designed by CM-CIC Gestion (related to the choice of life insurance policies) play a role in *CIC Banque Privée*'s development.
Managed savings totaled close to €16 billion at December 31, 2013.

*Banque Transatlantique Group**

At the end of December, managed assets totaled €21 billion (+23%). They include assets resulting from the acquisitions of Dubly Douilhet Gestion and BECM Patrimoine.
This performance was made possible by the outstanding efforts of the bank's staff, a growing number of loyal clients and favorable stock markets.

** Data on the above entities represents their contribution to the Banque Transatlantique Group.*

Internationally, the CIC Private Banking network consists mainly of:

Banque de Luxembourg

The bank is engaged in several specialized businesses such as asset management, private banking, lending, services to financial sector professionals (fund promoters, asset managers, etc.). It targets international clients who are often very demanding in terms of quality and advice.
It is one of the largest banks in the Grand Duchy and has had operations in Belgium for the past several years.
Starting on January 1, 2015, Luxembourg will implement automatic information exchange with its European partners. Thanks to its employees' commitment and, above all, the measures taken since the early 2000s to prepare its clients for this deadline, the bank's business complies with the new requirements.
In 2013, it continued to attract clients wishing to benefit from its expertise. These new inflows, market effects and the acquisition of the private banking business of Lloyd's Luxembourg allowed private banking assets to top €18 billion. An agreement was signed at the end of the year to acquire the private banking business of LBLux S.A.
Loans increased by approximately 6% in 2013. This performance reflects the bank's desire to accelerate its commercial growth among businesses and individuals.
Administrative support and advisory services for investment funds and services for independent fund managers and life insurance companies were the bank's two main areas of growth. In an environment marked by the transposition of the AIFMD directive and a host of new regulations, Banque de Luxembourg was able to support its customers and confirm its role as partner of choice backed by a multilingual, versatile, well-equipped and well-trained staff.

Banque CIC (Suisse)

The bank continued to grow in 2013, with a focus on professionals, corporates and their senior executives. The customer portfolio therefore grew by more than 15%, as did assets under management and the entire balance sheet. Personalized service coupled with an extensive product line remains the key element of the group's strategy.
In terms of investments, Banque CIC (Suisse) expanded the personal protection range and focused on the Swiss franc. This resulted in excellent performance and a high influx of new capital into certain equity and bond funds.
The increase in savings and loan volumes led to a substantial increase in securities commissions and interest income, which was higher than the market.

CIC Private Banking-Banque Pasche

The bank, which has seasoned, competent teams and has long been active in the field of private management, is committed to protecting its clients' wealth in a fast-changing environment.
In 2013, it was able to offer its clients, who are often confused by the profound changes in recent years, sound, long-term investment advice in line with regulatory and tax frameworks.

CIC Singapore Branch and CICIS Hong Kong

Since 2002, CIC has carried on its private banking business in Asia from Hong Kong and Singapore, two financial centers that are leaders in this field in Asia-Pacific.
In 2013, investors' interest shifted from bond markets to equity markets. However, the increase in long-term liquidity led to investment opportunities at the end of the year, after a particularly quiet third quarter. Overall, managed assets increased by 14%. CM11-CIC continued to improve the quality and number of its advisors and set up a team dedicated to non-resident clients.

I.3.2.6 - Private equity

Private equity is a key pillar of our commercial strategy, enabling us to assist corporate clients of the Crédit Mutuel and CIC networks in bolstering their shareholders' equity over the medium to long term (seven to eight years).This business activity is carried out by CM-CIC Capital Finance, which is France's leading banking private equity player, with €2.5 billion of assets under management and 550 companies in its portfolio.

Together with its subsidiaries (CM-CIC Investissement, CM-CIC Capital Innovation, CM-CIC Capital Privé and CM-CIC Conseil), it has over 100 employees who work at the Paris headquarters and six regional offices (Lyon, Nantes, Strasbourg, Lille, Bordeaux and Montreal).
With a comprehensive offering that includes venture capital, private equity, buyout capital and mergers & acquisition advice, CM-CIC Capital Finance takes equity stakes ranging from €1 million to €100 million to support clients in their development, both in France and internationally.
The environment in 2013 was difficult and not conducive to its clients' growth projects. Despite this fact, the entity and its subsidiaries fared well in terms of activity and portfolio performance and overall profitability increased.
For example, in proprietary management, more than €200 million was invested in 118 companies (nearly two-thirds in the capital of medium-sized companies), a significant portion of which supported portfolio companies.
As of December 31, 2013 this portfolio represented €1.9 billion (including €75 million in innovation capital) for nearly 470 holdings. It is diversified with a significant portion (nearly 60%) in private equity.
In management for third parties, CM-CIC Capital Privé carried out a new round of fund subscriptions (one FIP investment fund and one FCPI innovation fund) for €40 million, and invested €28.1 million. Funds under management totaled €363 million.
On December 31, 2013, in an effort to refocus its activity on supporting Crédit Mutuel-CIC Group's clients, CM-CIC Capital Finance sold 90% of the capital of the CM-CIC LBO Partners management company to SGP Fondations Capital.
The year was satisfactory for the advisory services business, which had eight transactions in a sluggish mergers & acquisitions market.

I.3.2.7 - Logistics

The Logistics division includes purely logistical entities: intermediary holding companies, operating properties integrated into specific companies, the group's IT companies, EI Telecom, Euro Protection Surveillance and the press division.

EI Telecom – EIT

The telecom sector remains highly unstable as a result of the trade war being waged among the four infrastructure operators. This situation is impacting the sector's margins, mainly because of the decline in ARPU (Average Revenue Per User) which has led to a decrease in the prices of services among new and existing customers. EIT's customer base grew to just over 1.2 million active subscribers.

The year 2013 was marked by the implementation of a full MVNO architecture on both the SFR and Orange networks, the launch of 4G on the SFR network, the signing of a 4G agreement with Orange, and the acquisition of Auchan Telecom which helped to stabilize revenue and increase the active subscriber base.

Euro Protection Surveillance – EPS

EPS continued to expand in 2013 and today has more than 328,000 subscribers (+16%). EPS has therefore established itself as the leading residential video surveillance provider in France with a market share of approximately 35% (source: Atlas de la Sécurité 2013 / Internal data).

I.4 - History of CM11-CIC Group and BFCM

I.4.1 - Crédit Mutuel's origins

At the end of the 19th century, the farming communities in Germany's Rhineland region were impoverished as a result of usury.

Frédéric-Guillaume Raiffeisen (1818-1888) then developed a new concept to combat poverty. The idea was to arrange loans to finance the resources needed for farming (seeds, livestock, etc.) based on the savings and responsibility of all villagers: the member shareholders. Interest was paid on the savings collected. The foundations of Crédit Mutuel had been laid:

- loans were only granted to member shareholders,
- limited (originally unlimited) joint and several liability of member shareholders,
- a democratic organization: one person one vote,
- voluntary membership,
- no remuneration for directors,
- limited geographic areas,
- no pay-out of financial surpluses,
- indivisible reserves.

Such was the foundation upon which Crédit Mutuel was built and which continues to underpin the company to this day.

I.4.2 - Key dates

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

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

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

1897: Creation of the Lorraine federation.

1905: Creation of the Alsace-Lorraine federation.

1919: Creation of Banque Fédérative du Crédit Mutuel.

1958: Crédit Mutuel is granted legal status at the national level.
The Alsace-Lorraine federation becomes the Fédération du Crédit Mutuel d'Alsace et de Lorraine.
Banque Mosellane becomes Banque Centrale des Caisses de Lorraine. In 1966, its name is changed to Banque du Crédit Mutuel Lorrain (BCML).

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

1971: Creation of Assurances du Crédit Mutuel.
Opening of Bischenberg training center.

1972: Expansion into Franche-Comté, the group takes on the name of Fédération du Crédit Mutuel d'Alsace-Lorraine et de Franche-Comté.

1992: Restructuring of head office entities:
* Merger of the former Banque Fédérative du Crédit Mutuel (BFCM) and Expansion Rurale et Urbaine (ERU) to create Caisse Fédérale Centre Est Europe.

* Transfers of the former BFCM's commercial banking activity to Banque de l'Economie Crédit Mutuel (BECM), of the former BFCM's holding company activity to Banque du Crédit Mutuel Lorrain (BCML), and of BCML's commercial banking activity to BECM.

* Change in BCML's company name to BFCM.

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

_1993_: Partnership between CMCEE and Crédit Mutuel du Sud Est (CMSE).

_1998_: BFCM acquires 67% of CIC's capital for €2 billion.
Banque de l'Economie Crédit Mutuel is renamed Banque de l'Economie du Commerce et de la Monétique (BECM).

_2001_: BFCM acquires the remaining 23% stake in CIC still owned by Groupama.

_2002_: Partnership between CMCEE and CMSE with Crédit Mutuel Île-de-France (CMIDF).

_2002_: Partnerships with Banca Popolare di Milano through CIC (banking and insurance, means of payment, equity interests, etc.).

_2004_: The Chambre Syndicale expands to include the CMSE and CMIDF federations.
The ACM begin to distribute auto insurance policies through the Sa Nostra network in the Balearic Islands.
In partnership with Banque de Tunisie, which is 20%-owned by CIC, Euro Information creates two subsidiaries in Tunisia specializing in information systems development (IID) and outgoing call management (Direct Phone Services).
CIC acquires a 10% interest in Banque Marocaine du Commerce Extérieur (BMCE), leading to cooperation in the distribution of financial products, the delivery of banking and insurance services, real estate transactions, consumer credit and leasing contracts.

_2006_: Fédération du Crédit Mutuel Savoie Mont-Blanc joins the interfederal Caisse, bringing the number of member federations to four.

_2007_: On March 14, CIC Private Banking-Banque Pasche acquires Zurich-based Swissfirst Private Banking, with retroactive effect to January 1, 2007.
In April, BFCM acquires a 100% interest in Groupe Républicain Lorrain by buying up shares held in various group companies for €73 million.
On June 15, BFCM announces the creation of its subsidiary CM-CIC Covered Bonds, which launches a €15 billion EMTN ("Euro Medium Term Notes") program.

_2008_: CIC Group increases its equity interest in Banque Marocaine du Commerce Extérieur from 10% to 15%.
On June 5, BFCM acquires 100% of the capital of the French subsidiary of the Banco Popular Español Group.
On June 27, BFCM acquires a majority interest in Est Républicain through France Est.
On November 18, BFCM signs an agreement with a view to acquiring a controlling interest in Cofidis Participations.
On December 5, BFCM acquires a 100% interest in Citibank Germany.

_2009_: Fédération du Crédit Mutuel Midi-Atlantique joins the interfederal Caisse, bringing the number of member federations to five.
On March 23, BFCM Group and 3 Suisses International ("3SI") announce the definitive completion of an acquisition of a controlling interest in Cofidis Participations. This transaction was carried out by the acquisition of 51% of Cofidis Participations by a holding company jointly owned by BFCM and 3SI and 67%-controlled by BFCM. Under the terms of the agreements, BFCM's equity interest in Cofidis Participations may be increased to 67% of the capital and voting rights by 2016, at the initiative of either party.

_2010_: The Group strengthens its branch network in France and neighboring countries (in particular Spain through the creation of a branch network with Banco Popular), thereby expanding its activity and reach.
On May 12, Caisse Fédérale du Crédit Mutuel Centre Est Europe is renamed Caisse Fédérale de Crédit Mutuel, reflecting the expansion of its scope of action through existing and future partnerships.

2011: The Crédit Mutuel Loire-Atlantique et Centre Ouest, Crédit Mutuel du Centre, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivarais and Crédit Mutuel Méditerranéen federations join Caisse Fédérale de Crédit Mutuel, bringing the number of member federations to 10.
The group strengthens its ties with mass market retailers. Backed by its technological capabilities, it signs a partnership agreement with Casino to market financial products. Banque Casino is therefore jointly held 50-50 by the respective companies.

2012: Fédération du Crédit Mutuel Anjou joins Caisse Fédérale du Crédit Mutuel, bringing the number of member federations to 11.
On May 10, Banque de l'Economie du Commerce et de la Monétique (BECM) is renamed Banque Européenne du Crédit Mutuel.

2013: In April, the CM11-CIC Group and Mouvement Desjardins, Canada's leading cooperative financial group, create Monético International. This Montreal-based company will offer innovative payment solutions to customers of merchants of both financial institutions.
In April, BFCM and 3SI (formerly 3 Suisses International) sign several agreements allowing BFCM to own 54.63% of the capital of Cofidis Participations either directly or indirectly.
In April, CM11-CIC Group also signs a new partnership agreement, through Euro-Information, with Banco Popular Español SA under which a 50%-owned joint venture is created to provide overall management of ATMs in Spain.
In September, EI Telecom (EIT) and Auchan France decide to form a partnership which results in the acquisition by EIT of Auchan Telecom's customers and EIT's use of the Auchan Telecom trademark.

II. CORPORATE GOVERNANCE OF CM11-CIC GROUP AND BFCM

II.1 - BFCM Board of Directors

II.1.1 - Composition of the Board of Directors

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

The May 7, 2013 Ordinary Shareholders' Meeting renewed the terms of office of the following directors: Gérard Cormorèche, Etienne Grad, Michel Lucas and Jean-Paul Martin.

The terms of office of Mr. Michel Lucas as President and Chief Executive Officer were renewed by the Board of Directors in its meeting, which followed the Ordinary Shareholders' Meeting of May 7th, 2013, such Shareholders' Meeting having renewed Mr. Michel Lucas's term of office as a director based on the proposed resolution decided by the Board of Directors on February 28th, 2013. These decisions were made before the adoption of the directive CRD IV, which introduced a principle of non-accumulation of mandates, with exceptions, and before the transposition of the directive by the ordinance of February 20th, 2014, which makes this directive applicable in France. The maintenance of this situation in accordance with the position adopted on January 29th, 2014 by the "Autorité de Contrôle Prudentiel et de Régulation" is currently the subject of discussion.

On May 7, 2013, the Board of Directors appointed Hervé Brochard, a member of the Board of Directors, to replace Eckart Thomä.

In addition, on November 22, 2013 the Board of Directors appointed Aimée Brutus as a non-voting director (*censeur*), replacing Alain Demare.

Summary table of the composition of the Board of Directors

Director's name	Position	Date of appointment	Expiration date	Representative
Michel Lucas	Chairman and CEO	10/22/2010	12/31/2015	
Jacques Humbert	Director	5/3/2006	12/31/2014	
Jean-Louis Boisson	Director	5/3/2006	12/31/2014	
Gérard Bontoux	Director	5/6/2009	12/31/2014	
Hervé Brochard	Director	5/10/2013	12/31/2013	
Maurice Corgini	Director	5/3/2006	12/31/2014	
Gérard Cormorèche	Director	5/10/2007	12/31/2015	
Roger Danguel	Director	5/7/2008	12/31/2013	
François Duret	Director	5/11/2011	12/31/2013	
Pierre Filliger	Director	5/11/2011	12/31/2013	
Jean-Louis Girodot	Director	5/7/2008	12/31/2013	
Etienne Grad	Director	12/17/2010	12/31/2015	
Jean-Paul Martin	Director	5/10/2007	12/31/2015	
Gérard Oliger	Director	5/7/2008	12/31/2013	
Albert Peccoux	Director	5/3/2006	12/31/2014	
Alain Têtedoie	Director	5/10/2007	12/31/2014	
Michel Vieux	Director	5/11/2011	12/31/2013	
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie	Director	11/18/2011	12/31/2014	Daniel Leroyer

Non-voting directors:
René Barthalay, Jean Louis Bazille, Yves Blanc, Michel Bokarius, Aimée Brutus, Gérard Diacquenod, Marie-Hélène Dumont, Bernard Flouriot, Monique Groc, Robert Laval, Fernand Lutz, Jacques Pages, Alain Tessier, Dominique Trinquet.

II.1.2 - Information regarding members of the Board of Directors and Executive Management

II.1.2.1 - Board of Directors

Michel Lucas, Chairman and Chief Executive Officer

Born May 4, 1939 in Lorient (56)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

Other functions:
Chairman and Chief Executive Officer: Carmen Holding Investissement, Crédit Industriel et Commercial.

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

Chairman: Crédit Mutuel Cartes de Paiements, Europay France.

Chairman of the Supervisory Board: Banque Européenne du Crédit Mutuel, Euro Information Production (GIE).

Vice-Chairman of the Supervisory Board: CIC Iberbanco, Banque de Luxembourg (Luxembourg).

Member of the Board of Directors: ACMN IARD, Astree (Tunis), Assurances Générales des Caisses Desjardins (Quebec), Banque de Tunisie (Tunis), Banque Marocaine du Commerce Extérieur, CIC Banque Transatlantique, Banque Transatlantique Belgium (Brussels), Caisse de Crédit Mutuel "Grand Cronenbourg", CRCM Midi-Atlantique, CIC Lyonnaise de Banque, Dauphiné Libéré, Est Bourgogne Média, Groupe Progrès SA.

Member of the Supervisory Board: Manufacture Beauvillé, CM-CIC Services (GIE), CM-CIC Capital Finance.

Member of the Management Committee: Euro Information, Euro Information Développement, EBRA.

Permanent representative of BFCM on the Management Board of Sofédis.

Jacques Humbert, Vice-Chairman of the Board of Directors

Born July 7, 1942 in Patay (45)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

Other functions:
Chairman: Union des Caisses de Crédit Mutuel du District de Mulhouse.

Member of the Board of Directors: Caisse de Crédit Mutuel la Doller, Fédération du Crédit Mutuel Centre Est Europe, Caisse Fédérale de Crédit Mutuel, Société Française d'Edition de Journaux et d'Imprimés Commerciaux "l'Alsace".

Permanent representative of ADEPI on the Board of Directors of GACM, of BFCM on the Board of Directors of Crédit Industriel et Commercial.

Jean-Louis Boisson, Member of the Board of Directors

Born August 2, 1948 in Bresse (01)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

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

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

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

Vice-Chairman of the Supervisory Board: Banque Européenne du Crédit Mutuel

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel, Caisse Fédérale de Crédit Mutuel, Targobank Spain, Est Bourgogne Média

Member of the Supervisory Board: Euro Information Production

Gérard Bontoux, Member of the Board of Directors

Born March 7, 1950 in Toulouse (31)
Work address:
Crédit Mutuel Midi-Atlantique
6, rue de la Tuilerie - 31112 Balma Cedex

Other functions:
Chairman: Fédération du Crédit Mutuel Midi-Atlantique, Caisse Régionale du Crédit Mutuel Midi-Atlantique

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel, Caisse Fédérale de Crédit Mutuel, Caisse de Crédit Mutuel Toulouse Saint-Cyprien

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel

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

Hervé Brochard, Member of the Board of Directors

Born March 6, 1948 in Colmar (68)
Work address:
Fédération du Crédit Mutuel de Normandie
17, rue du 11 novembre - 14052 Caen Cedex

Other functions:

Chairman of the Board of Directors: Fédération du Crédit Mutuel de Normandie, Caisse Régionale de Crédit Mutuel de Normandie, Caisse de Crédit Mutuel de Caen Ecuyère, Créavenir, Norfi

Vice-Chairman of the Board of Directors: Association des Amis de Jean Bosco

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

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel

Permanent representative: of Caisse Régionale du Crédit Mutuel de Normandie on the Board of Directors of GACM, of Fédération du Crédit Mutuel de Normandie on the Board of Directors of Centre International du Crédit Mutuel.

Maurice Corgini, Member of the Board of Directors
Born September 27, 1942 in Baume-les-Dames (25)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

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

Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe, Caisse Agricole Crédit Mutuel, Crédit Industriel et Commercial, Caisse de Crédit Mutuel Baume-Valdahon-Rougemont

Co-Managing Partner: Cogithommes Franche-Comté

Gérard Cormorèche, Member of the Board of Directors
Born July 3, 1957 in Lyon (69)
Work address:
Crédit Mutuel du Sud-Est
8-10, rue Rhin et Danube – 69266 Lyon Cedex 09

Other functions:
Chairman: Fédération du Crédit Mutuel du Sud-Est, Caisse de Crédit Mutuel du Sud-Est, Cecamuse

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

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

Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel, Société des Agriculteurs de France, Cautionnement Mutuel de l'Habitat (CMH)

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

Managing Partner: Scea Cormorèche Jean-Gérard, Sàrl Cormorèche

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

Roger Danguel, Member of the Board of Directors
Born August 3, 1946 in Sélestat (67)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

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

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

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

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel, Editions Coprur

Permanent representative of Banque Fédérative du Crédit Mutuel on the Board of Directors of Caisse Centrale du Crédit Mutuel

François Duret, Member of the Board of Directors

Born March 18, 1946 in Chartres (28)
Work address:
Fédération du Crédit Mutuel du Centre
105, Faubourg Madeleine 45920 Orléans Cedex 9

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

Vice-Chairman: Syndicat Agricole du Dunois

Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel, CICM

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

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel

Permanent representative: of Caisse Régionale du Crédit Mutuel du Centre on the Board of Directors of ACM Vie SAM and of Caisse de Crédit Mutuel Agricole as a member of the Board of Directors, of Caisse de Crédit Mutuel Agricole du Centre on the Board of Directors of Fédération du Crédit Mutuel Agricole et Rural, of Caisse Régionale du CMC as Chairman of the Supervisory Board of Soderec

Pierre Filliger, Member of the Board of Directors

Born November 27, 1943 in Rixheim (68)
Work address:
Fédération du Crédit Mutuel Méditerranéen
494, avenue du Prado BP 115 – 13267 Marseille Cedex 08

Other functions:
Chairman: Fédération du Crédit Mutuel Méditerranéen, Caisse Régionale du Crédit Mutuel Méditerranéen, the Camefi local Caisse, the Marseille Prado local Caisse, the Crédit Mutuel Méditerranéen local Caisses being created

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

Permanent representative of Crédit Mutuel Méditerranéen to ACM Vie SAM

Non-voting director: Board of Directors of Crédit Industriel et Commercial

Jean-Louis Girodot, Member of the Board of Directors

Born February 10, 1944 in Saintes (17)
Work address:
Crédit Mutuel Île-de-France
18, rue de la Rochefoucault 75439 Paris Cedex 09

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

Chairman: Comité Régional pour l'Information Economique et Sociale (CRIES), AUDIENS, Mutuelle Univers-Mutualité

Vice-Chairman: Chambre Régionale de l'Economie Sociale et Solidaire d' Ile-de-France (CRESS), Coopérative d'Information et d'Edition Mutualiste (CIEM)

General Secretary: Fédération Nationale de la Presse Spécialisée (FNPS), Syndicat de la Presse Magazine et Spécialisée

Member of the Board of Directors: Confédération Nationale du Crédit Mutuel, Caisse Fédérale de Crédit Mutuel, AFDAS, Crédit Industriel et Commercial, Centre International du Crédit Mutuel

Member of the Supervisory Board: Euro Information Production – WELCARE

Permanent representative: of Caisse Régionale du Crédit Mutuel Île-de-France on the Board of Directors of ACM Vie SAM, of FNPS on the Commission Paritaire des Publications et Agences de Presse

Etienne Grad, Member of the Board of Directors

Born December 26, 1952 in Illkirch Graffenstaden (67)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

Other functions:
Chairman: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg, SAS Grad Etienne Conseil et Développement

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

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

Managing Partner: SCI Lemilion

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

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

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

Vice-Chairman of the Supervisory Board: Soderec

Member of the Executive Committee: Fondation du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie as member of the Board of Directors of Gie Cloe Services and as Vice-Chairman of the Board of Directors of Centre International du Crédit Mutuel; of Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse Normandie on the Board of Directors of SAS Volney Développement, of Assurances du Crédit Mutuel IARD SA.

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

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

Member of the Board of Directors: Caisse Centrale du Crédit Mutuel, Assurances du Crédit Mutuel IARD SA, Crédit Mutuel Paiements Electroniques CMPE, CM-CIC Epargne Salariale, SAS Océan Participations, Gie Cloe Services, SCIC d'HLM Mayenne Logis Groupe CIL 53, SA Logis Familial Mayennais Groupe CIL 53, Groupe des Assurances du Crédit Mutuel, SAS Volney Développement, SAS Volney Bocage

Member of the Supervisory Board: Soderec

Member of the Management Committee: Euro Information SAS

Managing Partner: Sidel SNC

Jean-Paul Martin, Member of the Board of Directors

Born October 22, 1939 in Metz (57)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

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

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

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

Gérard Oliger, Member of the Board of Directors

Born July 7, 1951 in Bitche (57)
Work address:
Fédération du Crédit Mutuel Centre Est Europe
34, rue du Wacken 67000 Strasbourg

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

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

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

Albert Peccoux, Member of the Board of Directors

Born November 2, 1939 in St. Martin Bellevue (74)
Work address:
Crédit Mutuel Savoie-Mont Blanc
96, avenue de Genève BP56 74054 Annecy Cedex

Other functions:
Chairman: Fédération du Crédit Mutuel Savoie-Mont Blanc, Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

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

Permanent representative of CRCM Savoie-Mont Blanc on the Board of Directors of ACM Vie SAM

Alain Têtedoie, Member of the Board of Directors

Born May 16, 1964 in 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

Other functions:
Chairman: Fitega, Fiterra

Chief Executive Officer: Nanteurop

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

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

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

Chairman of the Supervisory Board: CM-CIC Services

Chairman of the Supervisory Board: CM-CIC Immobilier

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel

Permanent representative: - of Fédération du Crédit Mutuel LACO to the Chairmanship of Investlaco, of Caisse Régionale de Crédit Mutuel LACO on the Board of Directors of ACM Vie and Managing Board of SCI Champs de Mars 2015, of EFSA on the Board of Directors of Banque CIC-Ouest, of Ufigestion 2 on the Board of Directors of CM-CIC Bail

Michel Vieux, Member of the Board of Directors

Born April 12, 1951 in Gap (05)
Work address:
Fédération du Crédit Mutuel Dauphiné-Vivarais
130-132, avenue Victor Hugo 26009 Valence Cedex

Other functions:
Chairman of the Board of Directors: Fédération du Crédit Mutuel Dauphinais-Vivarais, CCM Pierrelatte

Vice-Chairman: "La Cascade" association

Member of the Supervisory Board: Banque Européenne du Crédit Mutuel

Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel, Confédération Nationale du Crédit Mutuel, CCM Agriculture de Valréas

II.1.2.2 - Executive Management

Alain Fradin, Chief Operating Officer

Born May 16, 1947 in Alençon (61)
Work address:
Banque Fédérative du Crédit Mutuel
34 rue du Wacken 67000 Strasbourg

Other functions:
Chairman: CIC Migrations

Chairman of the Board of Directors: Targobank Spain, CM-CIC Bail

Chairman of the Supervisory Board: CIC Iberbanco, Cofidis, Cofidis Participations

Vice-Chairman of the Supervisory Board: Targobank Deutschland GmbH, Targobank AG, Targo Management AG, CM Akquisitions GmbH

Chief Executive Officer: Confédération Nationale du Crédit Mutuel, Caisse Centrale du Crédit Mutuel, Fédération du Crédit Mutuel Centre Est Europe, Caisse Fédérale de Crédit Mutuel

Member of the Board of Directors: Boréal, CM-CIC Titres, Banque du Crédit Mutuel Île-de-France, Banco Popular Español

Member of the Management Committee: Euro-Information, Bischenberg, EI Telecom

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

Permanent representative: of CIC on the Management Committee of Euro GDS, of CIC Participations on the Board of Directors of CIC Nord-Ouest and of CIC Ouest, of Groupe des Assurances du Crédit Mutuel on the Board of Directors of Sérénis Vie, of BFCM on the Board of Directors of Crédit Mutuel Cartes de Paiements, of CFdeCM on the Board of Directors of Crédit Mutuel Paiements Electroniques

II.1.2.3 - Remuneration of key executives

Guidelines

On October 23, 2008, Crédit Mutuel Group and the French government signed the standard agreement related to the new government guarantee provided to the financial sector. Under this agreement, the group made several commitments regarding the status and remuneration of and commitments to the directors and corporate officers, in addition to those required by the applicable laws and regulations. Several decisions were taken in this regard by BFCM's Board of Directors on December 19, 2008 and by CIC's Supervisory Board on February 26, 2009.

BFCM does not refer to the AFEP-MEDEF corporate governance code given that 95% of its shares are held by entities of Crédit Mutuel Group.

As a result of the change in CIC's management method and in the directors and corporate officers of CIC and BFCM, the respective boards of the two companies, at meetings on May 11 and July 1, 2011 for BFCM and May 19, 2011 for CIC, defined the new remuneration policies for these officers and the commitments made to them.

This remuneration and these commitments were set by the governing bodies of BFCM and CIC on the recommendations of the respective remuneration committees.

Non-executive corporate officers – in other words all directors except the Chief Executive Officer – do not receive directors' fees or remuneration of any kind.

Implementation

The key executives affected by the remuneration policies include the Chairman and Chief Executive Officer and the Chief Operating Officer.

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

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

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

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

The remuneration received by the group’s key executives is presented in the tables below.
During the year, the Group’s key executives also benefited from the Group accidental death and disability plans and, in the case of the Chief Operating Officer, the Group's supplementary pension plan.

However, the Group's key executives did not receive any other specific benefits.
They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive directors' fees as a result of the duties they perform, whether at CM11-CIC Group companies or at other companies in which they serve on the Board of Directors as a result of their functions at the CM11-CIC group.
The Group’s key executives may also hold assets with or borrow funds from Group banks under the same conditions as those offered to all employees. As of December 31, 2013 they did not have any borrowings of this type.

Remuneration paid to the Group's key executives from January 1 to December 31, 2013

2013 ***Amount in € (a)***	**Origin**	**Fixed portion**	**Variable portion (b)**	**In-kind benefits (c)**	**Employer contributions for supplementary benefits**	**Total**
Michel Lucas	BFCM CIC	250,000 550,000	0 0	5,187	538	255,187 550,538
Alain Fradin	BFCM	800,000	0	3,725	8,184	812,057

2012 ***Amount in € (a)***	**Origin**	**Fixed portion**	**Variable portion (b)**	**In-kind benefits (c)**	**Employer contributions for supplementary benefits**	**Total**
Michel Lucas	BFCM CIC	250,000 550,000	0 0	5,298	529	255,298 550,529
Alain Fradin	BFCM	800,000	0	4,346	8,184	812,530

(a) These amounts are the gross amounts paid out by the company corresponding to payments made during the year.
(b) Any variable portion would be decided by BFCM's Remuneration Committee at a meeting following the Shareholders' Meeting held to approve the previous year's financial statements. The variable portion paid out in a given year therefore relates to the previous year.
(c) Company cars exclusively.

Order 2014-158 of February 20, 2014, which contains various provisions for adapting financial legislation to EU law and transposes the CRD IV directive, introduced Article L.511-73 into the French Monetary and Financial Code which stipulates that "The ordinary shareholders' meeting of credit institutions and finance companies is consulted annually regarding the overall amount of remuneration of any kind paid during the previous year to the persons mentioned in Article L. 511-71". This includes the responsible managers and the categories of employees, including risk-takers, persons performing a control function and any employee who, based on his/her total income, is in the same salary bracket, whose professional activities have a material impact on the risk profile of the company or group.

For all persons at the CM-CIC Group who meet the above criteria, the total amount for 2013 as set out in the aforementioned Article L.511-73 was €31,411,340.

In addition to the above data, note 36 to the consolidated financial statements of CM11-CIC Group and note 37 to the consolidated financial statements of BFCM Group, provided on pages 153 and 263 of this document, respectively, describe the relationships with the group's key executives and indicate the total amount of remuneration paid to them.

II.1.2.4 - Independent directors

Although it is unlisted, BFCM is part of a decentralized group whose directors are eligible to be members of the Board of Directors as a result of their own elected status.
The mechanism works as follows. Each Local Bank of Crédit Mutuel elects the members of its Board of Directors at its shareholders' seeting (a meeting of all of its member shareholders). From among these members, the Local Banks elect their representative to the District, a body that jointly represents a group of Crédit Mutuel Local Banks; the Chairman of the District becomes a full member of the Board of Directors of the federation, the policy-making body for a given group of Crédit Mutuel Local Banks. This

status enables them to become members of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary, BFCM.
This bottom-up election method starting with the Local Banks gives BFCM’s directors legitimacy and independence equivalent to that of independent directors at listed companies.
There are no financial ties or conflicts of interest between the unpaid duties performed at the Crédit Mutuel Local Banks, the District and BFCM.
This legitimacy, which results from the internal election processes, is renewed at the time of each District election (every four years).
Whenever the term of office of a District Chairman ends, this person's term of office at BFCM also ends, even if it has not expired.

II.1.2.5 - Conflicts of interest at the level of the administrative, management and supervisory bodies

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

II.2 - Report on the Board of Directors' operations and internal control procedures

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

II.2.1 - Preparation and organization of the Board's work

II.2.1.1 - Composition of the Board

The Board of Directors of Banque Fédérative du Crédit Mutuel currently consists of 18 members appointed by the Shareholders' Meeting for 3 years and 14 non-voting directors also appointed for three years by the Board in accordance with Article 20 of the company’s bylaws.

The law of January 27, 2011 regarding the balanced representation of men and women on Boards will take effect on January 1, 2017.

The list of directors and a description of their functions at other companies is presented in section II.1.1.

The Board includes representatives of partner Crédit Mutuel groups in the Caisse Fédérale de Crédit Mutuel organization: Anjou, Centre, Dauphiné-Vivarais, Ile-de-France, Loire-Atlantique et Centre-Ouest, Méditerranéen, Midi-Atlantique, Normandie, Savoie-Mont Blanc and Sud-Est.

Two employees have seats on the Board of Directors on behalf of the interfederal works council.

There are no directors' fees or stock options.

II.2.1.2 - Operation of the Board. Executive Management operating methods

Pursuant to the provisions of Article L.225-51-1 of the French Commercial Code, the Board opted to combine the positions of Chairman and Chief Executive Officer at its October 22, 2010 meeting.

Michel Lucas, Chairman of the Board, also serves as Chief Executive Officer. In this capacity, he organizes and directs the Board's work. He represents the company vis-à-vis third parties. To this end, he has the broadest authority to act on behalf of the company.

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

Individually, as elected representatives, directors are required to comply with the code of ethics and compliance rules applicable within the group, in addition to upholding their duty to use discretion and maintain confidentiality on all matters related to the company's purpose.

In 2013, the Board met five times. The average attendance rate was 83%.

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

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

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

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

The February 28, 2013 meeting focused on reviewing and approving the financial statements and preparing for the Ordinary Shareholders' Meeting held on May 7, 2013. The Board was informed of the February 26, 2013 report of the Group Audit and Financial Statements Committee.

The Board also approved the framework memorandum on the variable remuneration policy for professionals performing a regulated activity, which includes the regulatory principles adapted to our Group.
As it does at each meeting, the Board reviewed the management report on the Group's financial affairs (refinancing, credits, proprietary trading).

The April 6, 2013 Board meeting focused on preparing for the Extraordinary Shareholders' Meeting for the purpose of carrying out a capital increase intended for Crédit Mutuel d'Anjou Group and a capital increase in cash and delegation of authority to the Board.

The May 7, 2013 Board meeting was mainly dedicated to renewing the term of office of the Chairman and Chief Executive Officer and co-optation of a director.

The July 31, 2013 meeting focused on approving the interim consolidated financial statements at June 30, 2013. The Board was also informed of the report of the Audit and Financial Statements Committee and the report of the Risk Monitoring Committee. It noted the completion of the capital increase reserved for the Anjou Group and decided to amend the bylaws accordingly. It decided to declassify the regulated agreements related to the Group's refinancing program. It also appointed/reappointed a non-voting director.

The final meeting of the year was held on November 22, 2013.
The Board was informed of the work of the Group Risk Monitoring Committee of October 30, 2013.

It reviewed the 2013 budget trends and preparation of the 2014 budget. It appointed a non-voting director.

All Board meetings address matters regarding subsidiaries and other long-term investments, intra-group financial relations, credit decisions made by the Credit Committee and, where applicable, the affiliation of new local Caisses.

On an exceptional basis, written consultations may be organized in case of emergency. The decisions taken in such cases are reiterated at the following Board meeting.

II.2.1.3 - Internal committees

Several internal committees carry out regulatory assignments and, through their work, contribute to the proper operation of the governing body.

- Remuneration Committee

This committee, which consists of at least two members for renewable three-year terms, is mainly responsible for issuing remuneration recommendations and proposals for the executive body and capital markets professionals.

- Group Audit and Financial Statements Committee
  The assignments of this committee, created in 2007, are governed by Regulation 97-02 of the French Banking and Financial Regulations Committee (CRBF) and concern CM11-CIC Group. It reports to the Board of Directors and comprises 18 people representing the Group's components.
- Group Risk Monitoring Committee
  The assignments of this committee, created in 2007, are also governed by CRBF Regulation 97-02 and concern CM11-CIC Group. It has 15 members and reports to the Board of Directors.
- Group Ethics and Compliance Committee
  This committee, created for the CM11-CIC Group, helped to draw up the Group's code of ethics. Each year, it prepares a report on the application of and compliance with the ethics and compliance principles and rules within the Group.

II.2.2 - Internal control and risk management system

BFCM's internal control and risk management are part of the overall internal control system implemented by the CM11-CIC Group, as described below.

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

II.2.2.1 - CM11-CIC Group's overall internal control system

The internal control and risk management system is an integral part of the Group's organization. Its purpose is to ensure compliance with regulatory requirements, proper risk management, secure transactions and improved performance.

II.2.2.1.1 - A common, structured and independent system

The Group ensures that the system implemented is appropriate to its size, its operations and the scale of its risk exposure.
By using common methods and tools, the internal control and risk measurement system aims in particular to:

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

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

One constant objective that guides the actions of all the Group's internal control departments is to identify the main risks based on guidelines and risk mapping and to monitor them with appropriate limits, formalized procedures and dedicated tools. In addition to their efforts to identify and minimize risks, these departments are involved in the work aimed at enhancing risk management. In parallel, analysis tools and monitoring reports make it possible to review on a regular basis the Group's risk exposure related to its activities, including counterparty, market, liquidity, ALM and operational risks. In accordance with regulatory requirements, a risk assessment and monitoring report is prepared annually along with the internal control report. This report entails an in-depth review of the risk management system.

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

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

II.2.2.1.2 - Organization of controls

CM11-CIC Group's control system satisfies a twofold objective:

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

Breakdown by type of control

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

- periodic control for in-depth inspection-type audits performed as part of a control cycle over several years;
- permanent controls for all work of a recurring nature performed with remote control tools;
- compliance control, in particular for all matters related to the application of regulatory requirements and internal policies (*anti-money laundering, controls of investment services, regulatory watch, ethics, protection of customers' interests, etc.*).

To perform their functions, the heads of the control departments have permanent and unrestricted access to individuals, premises, hardware, software and information of any kind throughout the Group. They may delegate any or all of their rights to their employees as needed for specific assignments.

Periodic control is responsible for ensuring the overall quality of the entire internal control system, effective risk management and monitoring, and the efficiency of permanent and compliance controls.

Division between networks and business lines

Controls are divided into two functions, one dealing with the retail banking network *(CM regional federations, BECM, CIC regional banks, Targobank Germany and Spain)* and the other with the business lines (*commercial banking, capital market activities, asset management, financial services, cash management, etc.*), with a manager appointed for each at the CM11-CIC Group level.

A common support division for the various types of control

This division dedicated to control functions is charged with:

- developing and upgrading the tools needed for effective control;
- ensuring development of the reporting tools needed for monitoring control operations and audits and for informing the management bodies at the central and local levels (*regions and subsidiaries*);
- ensuring that the control tools among the various control functions complement each other for optimal coverage of the Group's risks.

The support division relies largely on the Group's information systems.

II.2.2.1.3 - Oversight of the system by the Group's Control and Compliance Committee

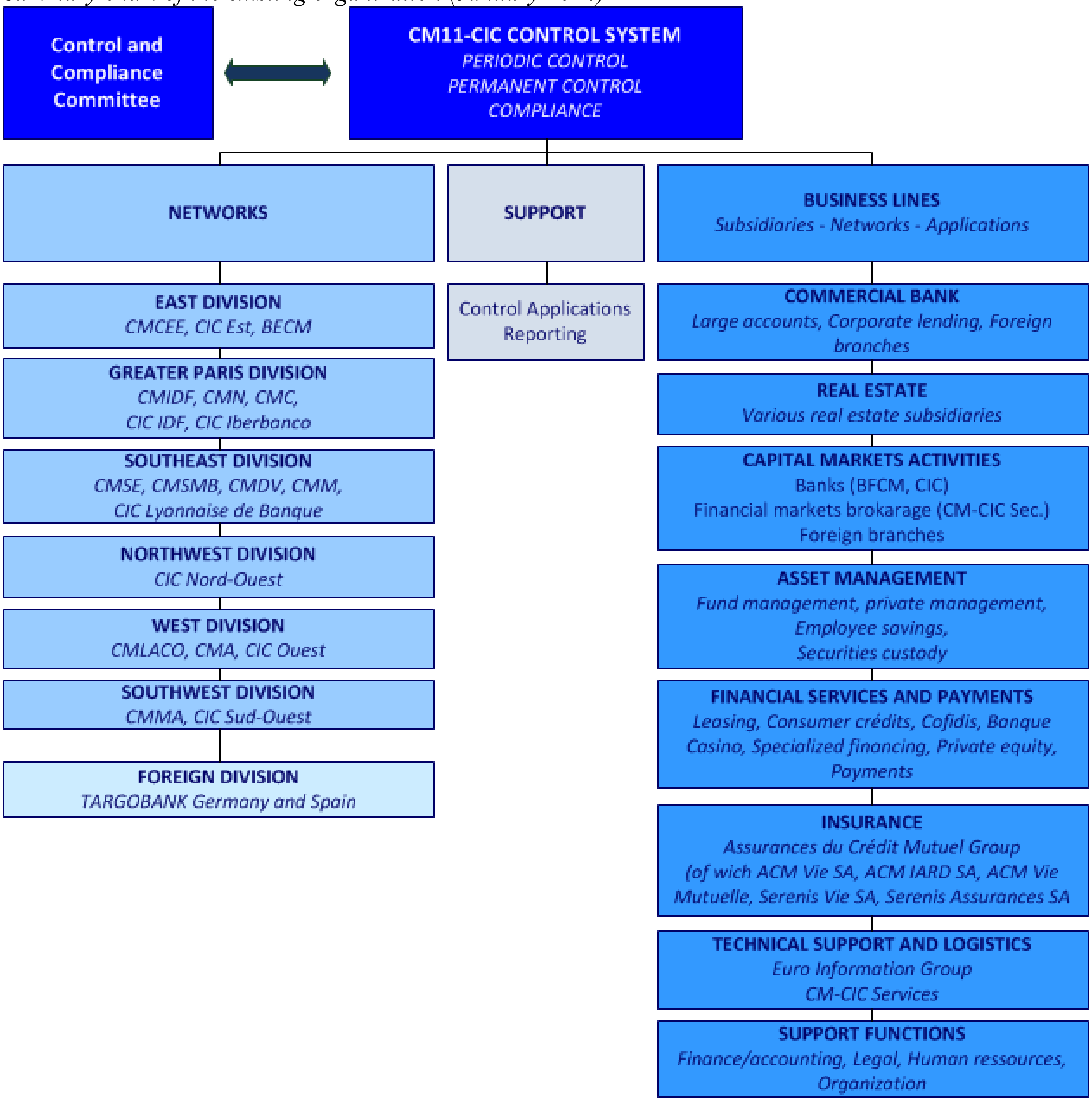
Under the authority of a member of the executive body, the Control and Compliance Committee meets regularly with the group's heads of control (*periodic, permanent and compliance*) and risk management. Its objectives are:

- to approve the control plans, examine the results of control audits performed by the periodic control departments as well as the work carried out by permanent control and the compliance function, and, if necessary, make recommendations to the executive body on needed improvements,

- analyze the findings of external control audits, including those of the regulatory authorities, and monitor the implementation of recommendations by the Group's entities,
- ensure that the actions and tasks of the various control and compliance participants complement each other,
- validate all new control procedures or changes affecting the organization of control functions; in 2013 for example, it approved the new methodology for monitoring recommendations made at the time of inspections at the networks and audits at the other business entities and functions, as well as the new methodology for certifying the financial statements of the Crédit Mutuel Local Banks. The document formalizing the organization and relations within the network periodic control department and between the central function and the regional periodic control departments was also submitted to the committee.

It met four times in 2013 (*March 5, June 17, September 16 and November 25*).

Summary chart of the existing organization (January 2014)



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

II.2.2.1.4 - Group Audit and Financial Statements Committee

To satisfy the requirements resulting from the transposition of EU directive 2006/43/EC on statutory audits of annual financial statements and consolidated financial statements by Order No. 2008-1278 of December 8, 2008, as well as those resulting from the new governance standards, a CM11-CIC Audit and Financial Statements Committee was formed at the Group level.

The Group Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of Caisse Fédérale de Crédit Mutuel (*in principle, one per federation*) and two members of CIC's Board of Directors. The Committee elects a Chairman from among its members for a three-year period that can be renewed once.
Three of these members have specific skills in accounting and finance.

The independence of the Committee members is ensured by the fact that they all come from the Group's cooperative banking level and are therefore elected by the member shareholders of their respective Local Bank. This independence is reinforced by the fact that members of the Audit and Financial Statements Committee are not paid.

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

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

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

With respect to financial reporting, the Committee:

- is responsible for monitoring the financial reporting process,
- oversees the statutory audit of the annual financial statements and consolidated financial statements,
- participates in the choice of statutory auditors and has unrestricted access to them in order to be informed of their work plan, ensure that they are capable of conducting their audit and discuss with them the findings of their audit,
- reviews the annual and consolidated financial statements,
- assesses the conditions under which they are prepared and ensures the relevance and continuity of the accounting policies and methods.

The Audit and Financial Statements Committee met four times in 2013 (*February 26, May 6, July 30 and September 23*). Its meetings are summarized in reports submitted to the governing bodies of the various federations and CIC so as to fully inform the directors.

The roles of the various risk management bodies, which include the Group Risk Department, a Group Risk Committee and a Group Risk Monitoring Committee, are described below.

II.2.2.1.5 - The risk management system

Group Risk Department

The role of the Group Risk Department, which regularly analyzes and reviews risks of any type from the standpoint of the return on allocated regulatory capital, is to contribute to the Group's growth and profitability while ensuring the quality of the risk management systems.

To perform the functions assigned to it (particularly as provided by Articles 11-8 to 11-10 of amended CRBF Regulation 97-02), the Group Risk Department has formalized its relations with the risk correspondents on whom it relies and who are present at all the Group's entities. These risk correspondents are appointed by their own departments and can be either the individuals responsible for permanent control at the CM11 federations and CIC banks, the risk managers or directors at the subsidiaries and branches, or the individual responsible for monitoring commitments.

The Group Risk Department oversees the Group's risk function and provides all information related to this area on a regular basis (general assessment of the risk situation, new prudential requirements and changes, significant events and changes at the Group related to key solvency, liquidity, credit, operational and other risks, main points of the quarterly management report) to ensure that the regional management bodies (executive and governing bodies) are properly informed.

Group Risk Committee

This committee meets quarterly with the heads of the main business lines and the members of Executive Management.

It is responsible for overall ex-post and ex-ante risk monitoring based on a global, prudential, economic and financial approach.

The Group Risk Monitoring Committee

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

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

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

II.2.2.2 - Internal control procedures specific to BFCM

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

An integral part of CM11-CIC Group, BFCM has also implemented an internal control system for the activities it manages at its level, which satisfies the same risk prevention and management objectives.

BFCM manages the cash assets of Crédit Mutuel and CIC and operates in the financial markets. It is engaged in financial engineering and manages relations with international partners.

An integral part of BFCM and CIC, CM-CIC Marchés consolidates all of CM11-CIC Group's capital market activities on one trading floor in order to refinance the entire CM11-CIC Group through a single cash management team, develop the Group's capacity to sell capital markets products to customers, and strengthen its proprietary trading activity.

The monitoring methods, procedures and limit system are covered by a set of rules.

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

In this system, capital market activities are overseen by several units:

- The CM-CIC Marchés department defines the strategy, analyzes the activity, results, risks and compliance with limits and coordinates operational aspects (information system, budget, human resources, procedures),
- The Capital Markets Risk Committee, which meets monthly, monitors compliance with the set of rules and decisions of the CM-CIC Marchés department and validates the operational limits within the general limits set by CIC's Executive Board and BFCM's Board of Directors,
- The CM-CIC Marchés Credit Committee, which meets weekly, is responsible for approving credit line requests under delegations of authority granted by the CM11-CIC Commitments Committee.

The internal control system is supported, on the one hand, by the work of the back office departments, which are responsible for control of risks and results and for accounting and regulatory control, and, on the other hand, by a team that monitors capital market activities, which reports to the head of the business line permanent control department, and by the compliance function.

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

BFCM handles the Group's depository activity. The depository control plan is based on the definition of a set of control tasks and is established in concert with the BFCM business line permanent control and compliance departments. This plan enhances the customer risk and product risk approach by implementing a controlled new customer relationship process and a controlled analysis process at the time of mutual fund creation. It makes it possible to perform comprehensive ex-post control and identify all risks related to fund management.

The ethics rules are integrated into a code of ethics that includes both the general principles and the specific measures implemented in connection with BFCM's activities. This code also includes the fundamental principles of putting the customer's interests first and respecting market integrity.

As part of operational risk management, operational risks resulting from capital market activities were assessed.
BFCM is involved in updating the mapping of its specific risks and the related valuation models.

With respect to backup measures, a disaster recovery plan was created for all capital market activities. This plan addresses the major risks related to the unavailability of offices, technical resources and staff. It is based on the existence of two multi-purpose sites, each one backing up the other, backup information systems and work organization in teams of two or even three people. One-fourth of the staff have also been equipped with laptop computers that allow them to connect remotely. The disaster recovery plan is updated and tested regularly.

Group Audit performs periodic control on a multi-year basis. The findings of these audits are presented to the Control and Compliance Committee and the Group Audit and Financial Statements Committee. They are also provided in the annual report submitted to the *Autorité de Contrôle Prudentiel* (French banking and insurance supervisory authority). The audits may be general or specific in nature.

II.2.2.3 — Internal control related to the preparation and processing of accounting and financial information

II.2.2.3.1 - Role of the governance bodies and the Group Audit and Financial Statements Committee

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

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

The accounting principles used by the group to consolidate the financial statements are explained in detail in the notes to the financial statements.

The accounting processes are presented regularly to the Group Audit and Financial Statements Committee, which is independent from the Finance department and responsible for reviewing the process for preparing the financial statements and financial information published by the Group.

During the year, the information presented to the Group Audit and Financial Statements Committee concerned:

- the Group's exposure in southern Europe given the economic environment (*investment in BPE accounted for using the equity method in the financial statements and goodwill recognized as an asset for Targobank Spain),*
- the impact on the consolidated financial statements of the early application of IAS19-R and its retroactive effects on the financial statements at June 30, 2012,
- the consolidated results and in-depth analysis of them (*analysis of the various items of the intermediate balances, sector analyses by business line, analysis of general operating expenses, analysis of actual net provisioning for known risks and collective provisions*),
- change in the basis of calculation of the solvency ratio (capital and risks),
- changes in tax and social security regulations and their impact.

II.2.2.3.2 - Specific characteristics of the banking activity

Oversight of the accounting and financial organization is structured in a way that addresses the specific characteristics of a credit institution's activities:

- nearly all the financial transactions carried out by a bank result in a monetary flow or a commitment that needs to be accounted for;
- a significant volume of accounting entries is based on fully automated recording processes for the completed transactions;
- unlike industrial and commercial companies, a credit institution's accounting entries are decentralized within the entire organization and not within a single accounting department.

The vast majority of accounting entries are therefore completed by the information system based on predefined procedures. These automated procedures are designed to ensure:

- the comprehensiveness, actuality, measurement and proper classification of the accounting depiction of the completed financial transactions;
- prevention of fraud risk by predefining, on a centralized basis, the transactions that each participant is authorized to complete;
- fast, regular accounting centralization, with entries recorded in real time or at least once every business day in the case of batch processing;
- de facto standardization of accounting data among all the Group's companies.

II.2.2.3.3 - Accounting system

Accounting architecture

The company shares a common IT platform with 15 Crédit Mutuel federations and the CIC banks, which includes common accounting and regulatory functionality related in particular to:

- the chart of accounts, whose structure is the same for all institutions administered on this platform;
- the definition of automated processes and procedures shared by all the banks (means of payment, deposits and credits, recurring transactions, etc.);
- reporting tools (SURFI, transfer of data to the consolidation software applications, etc.) and management tools (management control).

In this context, the administration of the common accounting information system is entrusted to dedicated divisions, the "Accounting Procedures and Processes" divisions, which are autonomous units within either the "retail banking/ networks" CM11-CIC Finance Department or the "specialized functions-business lines" CM11-CIC Finance Department, as the case may be.

These divisions are responsible in particular for:

- managing the common chart of accounts (account creation, definition of account characteristics, etc.);
- defining common accounting procedures and processes, in accordance with tax and regulatory requirements. To this end and where necessary, the company's tax department is consulted and creation of the processes is subject to a validation procedure involving various operational managers.

The "Accounting Procedures and Processes" divisions are independent, both hierarchically and operationally, from the accounting departments themselves, which allows a separation between the accounting architecture design and administration functions and the other operational departments.

Within the company, all accounts must be assigned to an operational department which will be responsible for their operation and control; in this way, no account can be overlooked or lack a clearly designated department responsible for monitoring it.

The organization and procedures in place ensure compliance with Article 12 of CRBF Regulation 97-02 and the existence of an audit trail.

Chart of accounts

The chart of accounts is based on two main types of accounts: third-party accounts, which track deposits and receivables of individual third parties, and financial accounting accounts.

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

All the credit institutions administered on the common IT platform use the same chart of accounts (*Nouveau Plan de Comptes Interne* – new internal chart of accounts or NPCI), which is administered by the "Accounting Procedures and Processes" divisions.

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

- regulatory attributes (consistency with the chart of accounts of credit institutions – PCEC – related to prudential regulatory reports, link to the item of the publishable financial statements, etc.),
- certain tax characteristics (VAT position, etc.),
- management control characteristics (mandatory or non-mandatory presence, link to the consolidation chart of accounts, retention period for online transactions, presence at headquarters/branch, etc.).

Processing tools

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

There are also several specialized applications, either external or internal, including in particular a management report production application, a trial balance and financial statements production application, a utility for processing file queries, a consolidation application, a regulatory financial statements processing application, an asset management application and tax reporting applications.

Automated controls

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

Internal applications are used to check the day's accounting entries and detect any anomalies.

A dedicated application for checking automated accounts has been deployed since 2010 to manage ceiling limits on accounting entries, which are broken down by account type (*third-party/financial accounting*), entry type (*debit/credit*), IT application code, entity and the entity's business sector.

The application has two levels of control related to:
- a limit threshold,
- a warning threshold.

The control applies to real-time or batch processing for all applications that do not require validation of entries on the basis of the "four eyes" principle. If a threshold is exceeded, the accounting entry is blocked and moved to an accrual account. After analysis, the user may:
- in case of a "warning" level, validate the entry after the control,
- in case of a "limit" level, complete the transaction only if approved in accordance with the "four eyes" principle.

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

II.2.2.3 - Internal control in the preparation of individual financial statements and the consolidation process

II.2.2.4.1 - Controls of closings of individual financial statements

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

This analytical review focuses mainly on:
- the interest margin; for fixed-income instruments (deposits, loans and off-balance sheet items), management control calculates the expected returns and costs based on average capital observed; these results are then compared to the interest rates actually recorded and validated for each business sector;
- the level of fees and commissions; based on business indicators, management control estimates the volume of fees and commissions received and payable, compared to the data recorded;
- general operating expenses (employee expenses and other general operating expenses);
- the cost of risk (net additions to/reversals from provisions for loan losses (provisioning level and recorded losses)).

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

The daily accounting controls are performed by the appropriate employees at each branch.
The accounting control departments also perform a general control task involving in particular regulatory controls, monitoring of internal account justifications, monitoring of branches, control of the foreign exchange position, control of net banking income by activity, accounting procedures and processes, and the interface between the back offices and the statutory auditors.

Furthermore, the control departments (periodic, permanent and compliance) also perform accounting work. Internal control portals are dedicated to the accounting function and adapted to the entities' specific requirements (type of activity and types of controls deployed).

II.2.2.4.2 - Controls of the consolidated financial statements

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

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

CM11-CIC Group defines the international accounting principles and methods (IFRS) to be applied by all the Group's entities in their individual financial statements. The foreign subsidiaries take these principles and methods into account when converting from their local accounting standards to French and international standards in the consolidation packages and financial reporting.

For the entities using the common IT system, individual financial statements based on IFRS are prepared in the central IT system.
The group has a consolidation chart of accounts. In the common IT system, each account in the common chart of accounts includes a link to the consolidation chart of accounts. This link is therefore unique for the same account for all companies that share this chart.

The consolidated financial statements are prepared on the basis of a schedule sent to all subsidiaries and the statutory auditors. This schedule includes, where applicable, changes in procedures or standards to be integrated. At each consolidated subsidiary, the person responsible for closing the subsidiary's financial statements and the person responsible for identifying the inter-company accounts between fully consolidated companies are designated.

The statutory auditors of the consolidated financial statements send simultaneous audit instructions to the statutory auditors of the consolidated companies to ensure the subsidiary's compliance with the various standards based on their own professional standards.

The financial statements are consolidated using a dedicated application, one of the leading commercially available standard applications. The transfer of data into the consolidation application (consolidation packages) is partly automated based on an interface developed for the accounting IT system. This allows the trial balances to be retrieved automatically, thereby ensuring consistency between company and consolidated data.

Moreover, the consolidation package cannot be sent by the companies until a number of consistency checks programmed directly into the package have been performed. These control rules (currently more than 600) are developed by the consolidation departments and relate to a number of factors (change in shareholders' equity, provisions, non-current assets, cash flows, etc.). "Blocking" controls prevent the package from being sent by the subsidiary unless an exception has been made by the consolidation departments.
The consolidation department also performs consistency checks on the company data upon receipt of the packages (income level, intermediate balances, etc.).

Finally, systematic reconciliation reports between company data and consolidated data are prepared with respect to shareholders' equity and income. This process, which ensures a consistent transition between the company and consolidated data, occurs outside the consolidation application, which therefore enables the validation of these consolidated items.

In conclusion, BFCM's internal control and risk management system, which is based on common methods and tools, is in line with the organization of CM11-CIC Group's controls. The Group constantly endeavors to strengthen and improve its efficiency.

II.2.3 - Limits on the powers of the Chairman and Chief Executive Officer

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

II.2.4 - Principles for determining remuneration granted to the directors and corporate officers

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

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

The annual notice to the *Autorité de Contrôle Prudentiel et de Résolution* (French banking and insurance supervisory authority – ACPR) pursuant to Articles 43-1, 43-2 and 43-3 on the implementation of the remuneration policy was sent via a "Report to the ACPR on the remuneration policy and remuneration practices", based in particular on information provided by the HR department regarding the decision-making process, the main characteristics of the remuneration policy and the quantitative information concerning key executives and financial market professionals. This report is applicable to both BFCM and CIC.

The Chairman of the Board of Directors

II.3 - Statutory auditors' report on the report of the Chairman of the Board of Directors

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

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

Statutory Auditor
Member of the regional association
of accountants of Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable (simplified stock company with variable capital)

Statutory Auditor
Member of the regional association
of accountants of Versailles

Banque Fédérative du Crédit Mutuel

Year ended December 31, 2013

Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), on the report of the Chairman of the Board of Directors of Banque Fédérative du Crédit Mutuel

To the shareholders,

In our capacity as statutory auditors of Banque Fédérative du Crédit Mutuel and in accordance with the requirements of Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by your company's Chairman in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*) for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report on internal control and risk management procedures implemented by the company and to provide all other information required by Article L. 225-37 of the French Commercial Code (*Code de commerce*) related, in particular, to the corporate governance.

Our role is:

- to report on any matters asto the information contained in the Chairman's report regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information, and

- to confirm that this report also includes the other information required by Article L. 225-37 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

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

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

The professional standards require that we perform the necessary procedures to assess the fairness of the information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information contained in the Chairman's report. These procedures consist mainly in:

- obtaining un understanding of the internal control and risk management procedures related to the preparation and processing of the accounting and financial information that forms the basis of the information provided in the Chairman's report and of the existing documentation;

- obtaining un understanding of the work involved in preparing this information and the existing documentation;

- determining whether any material weaknesses in the internal control procedures related to the preparation and processing of accounting and financial information identified by us in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information contained in the Chairman of the Board of Directors' report, prepared in accordance with the requirements of Article L. 225-37 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the Chairman of the Board of Directors' report also contains the other information required by Article L.225-37 of the French Commercial Code (*Code de commerce*).

Paris-La Défense, April 14, 2014

The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.
Arnaud Bourdeille

ERNST & YOUNG et Autres

Olivier Durand

II.4 - Report on the anti-money laundering and counter terrorist financing policy

II.4.1 - Organization of the policy and employee training

The Group's central compliance function fulfills several roles with respect to the anti-money laundering and counter terrorist financing (AML/CTF) policy within the group, including coordination, oversight, training, organization and control. The group's head of compliance (Stéphane Cador, stephane.cador@cic.fr) reports directly to the Group's Executive Management. He is assisted by a national anti-money laundering and counter terrorist financing manager (Raoul d'Estaintot, raoul.destaintot@creditmutuel.fr).

To perform the duties assigned to it, the central compliance function has correspondents within the permanent control and compliance control departments of the various regional divisions, business entities and foreign-based entities. These correspondents, particularly the TRACFIN correspondents and declarers, have a functional reporting line to the central compliance function.

The year 2013 was marked by:

- the roll-out of "World-Check" tools and access as a single database for the entire confederal group for the detection of Politically Exposed Persons, followed by the automation in February of screening of the third-party database to detect Politically Exposed Persons with the generation of alerts;
- the recognition of CNIL (French national commission for information technology and civil liberties) restrictions in sensitive areas (prohibited words);
- the automatic creation in April of an analysis file in case of recurrence of money laundering alerts for which processing should have resulted in the opening of such a file;
- the roll-out through Euro-Information of TACO, a control panel that provides access to lists of data and management and summary reports for reporting on AML activities and supporting and justifying the level-two control summaries posted in the anti-money laundering internal control application;
- the "SafeWatch" project, which entails implementing a screening tool directly on the SWIFT-Alliance platforms for faster detection of individuals or legal entities subject to international sanctions, particularly for market transactions.

AML/CTF training initiatives are included in the group's training plan.

Modules designed for branch managers for keeping their employees informed were updated and restructured to make them more streamlined for integration into a tracking and reporting tool that will be implemented in March 2014 through Euro-Information. At the end of 2013, over 94% of employees for whom the risk of money laundering is a concern participated in a training course.

Lastly, the annual meetings of the AML managers were held on November 21 and 22, 2013. These meetings focused on the issue of wealth management. Representatives of TRACFIN were also on hand to present an investigative approach based on an actual case, review recent regulatory changes (admissibility of a suspicious transaction report, systematic communication of information) and answer a wide range of questions.

II.4.2 - Risk classification, description of procedures

II.4.2.1 - Classification and duty of vigilance

At the end of December 2013, heightened vigilance measures were taken for 0.24% of customers.

II.4.2.2 - Changes in procedures

With regard to the Group, all procedures were updated in 2013 to specify the credentials related to identity and address and to take into account Law 2012-672 of July 26, 2013 on separation and regulation of banking activities that codify Systematic Communications of Information (COSI). The lists of sensitive countries were updated. A section on specialized financing was added to the Large Accounts procedure.

II.4.3 - Permanent controls

In 2013, at CM11-CIC[2]:

- 122,191 alerts were generated by the applications, 91% of which were processed;
- 21,907 transactions required more in-depth review;

The application of international financial sanctions (embargo and counter terrorist financing measures) does not merit a particular discussion with respect to 2013.

The level one control plan as reported in a dedicated application is monitored by the permanent control teams in the regions. With nearly 12,000 controls performed with an average score of 3.7/4, the control plan showed a significant increase during the year, due mainly to efforts to collect customer credentials. CM11-CIC's average completion rate for level two control tasks (CINTMT) was 98%.
With regard to centralized control of cash flows, as required under EC Regulation 1781/2006, 6,755 anomalies were identified, which represents 0.24% to 0.29% of monthly cash flows for a total of 2,553,836 transactions (compared to approximately 2.6 million in 2012). The number of anomalies was slightly more than 8,400 in 2011 and 2012. Following this annual review, there is no need to submit a report to the General Secretariat of the ACP for any of the banks, either because of the low volume of transactions with anomalies or because of the answers provided to our questions.
A monthly "Webcheques validation" control is designed to verify the proper application by the network of the control procedure for checks issued. The controls and statistics show the proper use of this procedure by the networks. The number of branches with anomalies is low and follow-up action is always taken.
Finally, the nationwide oversight plan developed by the central Compliance function, which is designed to ensure that the AML/CTF initiative is consistently applied in the regions, was implemented at the time of specific on-site visits in nearly all the CM federations and CIC regional banks. Visits will be made to the last entities in the first quarter of 2014.

The various controls are enabling proper management of AML/CTF risks and proper use of the TRACFIN vigilance applications; however, better coverage of cash flow oversight and greater awareness of the importance of collecting a customer's credentials remain necessary. To correct the anomalies identified, the anti-money laundering departments continue to raise awareness among employees and provide them with training programs and day-to-day assistance regarding preventive measures.

II.4.4 - Main weaknesses identified by the national and foreign regulatory authorities and corrective measures approved

In 2013, the recommendations made by the ACPR following its 2011 audit continued to be implemented. At the end of 2013, 21 recommendations were considered fully implemented, two others were implemented in January 2014, a third is expected to be implemented in the second quarter of 2014 and the last at the end of 2014. These recommendations were implemented as a result of significant changes to IT applications (Webcheques, OPFL and Format). Therefore, at the end of 2013 86% of the ACPR's recommendations were implemented according to follow-up conducted by compliance.

<u>Credentials collection plan</u>
The ACPR and CNCM's General Inspectorate identified the need to implement a customer credentials collection plan during two on-site audits in 2010 and 2012. Other observations were also made by the Group's permanent control, compliance and periodic control departments.
The group's Executive Management was the driving force behind these efforts, raising awareness among the regional departments and the bank and branch managers at the budget meetings in the first quarter.
The compliance plan includes practical measures aimed at informing the customer or customer relationship manager of missing credentials, monitoring and management tools to verify the effectiveness of the measures taken (statistical queries) and level one, level two and periodic control tasks. In addition, each region formalized a credentials collection plan by prioritizing the actions to be taken by type of customer and the resources to be implemented. One year after the plan was implemented, significant results have been observed.

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2 Including the CIC regional banks, the ACM and Cofidis groups and BFCM, BECM, Credit Mutuel-CIC Home Loan SFH, CM-CIC Factor, CM-CIC Epargne Salariale, CM-CIC Securities and CM-CIC Bail.

Follow-up on the 2012 SGACPR AML questionnaire

21 regional banks and subsidiaries received a follow-up letter regarding the 2012 anti-money laundering questionnaire. In each instance, the answers provided did not reveal any weaknesses in the system, but rather incorrect interpretations of the questions on the questionnaire, inappropriate answers or no substantiation of the information sent.

FEDR and NYSB on CICNY

The Federal Reserve and the New York State Banking Department conducted an audit on the application of compliance rules at the New York branch in July 2013. To date, the results of the audit have not been provided.

III. FINANCIAL INFORMATION ABOUT CM11-CIC

III.1 - CM11-CIC Group management report

III.1.1 - A turning point

As compared with 2012, when much focus was on the sovereign debt crisis, 2013 saw a substantial rebound in confidence among private-sector market participants and an upturn for large developed countries, particularly within the European Union, where economic conditions finally ceased to deteriorate.
The central banks took active monetary policy measures to support this recovery with ongoing quantitative easing in the euro zone and measures that amounted virtually to monetary shock treatment in Japan. On the other hand, in the United States, confirmation of a robust trend fuelled by private consumer spending enabled the central bank to start reducing the scope of its action.
These improvements triggered a significant rebound of financial flows into Europe and the United States, which had a strongly adverse impact on emerging economies, which were big losers in the context of such international dynamics.

Europe: light at the end of the tunnel

The structural changes undertaken by governments and the easing of fiscal austerity measures consented to by the European Commission boosted investor confidence and contributed to a rebound in activity. The ECB, which chose to pursue a highly accommodating policy while reassuring the markets as to its capacity to intervene when necessary, also played a key role. Despite several political crises (Italy, Spain and Portugal) and great uncertainty linked to the restructuring of Cyprus' banks in the early part of the year, growth turned positive in the second quarter and forecasts confirm that the worst is now behind us.
This more positive environment led to lower refinancing costs for the Member States experiencing the greatest difficulties, in particular enabling Ireland to become the first euro zone country to exit the financial aid program put in place by the Troika (ECB, European Commission and IMF). At the same time, Europe moved forward with the project of a single European banking supervision system, the first stages of which are expected to materialize in 2014. This should break the links between banking risk and sovereign risk by strengthening the financial sector and stimulating lending, which has become increasing scarce.
The recovery will nonetheless remain modest as the private and public sectors continue to reduce debt over the coming quarters. Moreover, very disparate situations can be seen: while Germany remains a growth engine with a continuing positive trend, France is still struggling to find new sources of growth. The leading purchasing managers' indicators were again pointing downwards at the end of the year while industrial production and exports remained depressed. Reform has nonetheless continued, with in particular in the middle of the year, a law on banking regulation designed to ensure stronger consumer protection and the segregation of the most risky market activities within independent subsidiaries.

United States: the monetary policy saga

Consumer spending benefited from several positive factors: a steady rise in disposable income, wealth generated by rising real-estate prices and financial markets and a slow improvement in the jobs market.
However, the U.S. economy was forced to contend with a period of unprecedented fiscal austerity and, from mid-2013, a sharp rise in sovereign yields. Moreover, a severe political deadlock, resulting in the temporary closure of some federal agencies, prompted businesses to be cautious in terms of their investment policies.
After blowing hot and cold throughout the second half, the Fed finally decided in December to curb money creation. The monthly purchasing program was cut back from $85 billion to $75 billion per month and its termination is now scheduled some time in 2014.

Japan: monetary shock treatment

2013 also marked a radical change in Japan's strategy with the new Prime Minister Mr. Abe putting in place an unprecedented three-pronged action plan based on structural reform and fiscal and monetary stimulus. The program is very ambitious as it relies on a gradual change in the behavior of private-sector agents, in particular through better integration of women and foreigners within the working population and redistribution of corporate earnings through wage increases.

However, these changes take time and the first results, already mixed, may ultimately be disappointing, which will force the Japanese central bank to step up the pace of monetary easing in 2014, which would have an adverse effect on the Japanese currency.

Emerging countries: slipping back down the growth ladder

The depressed economic conditions in developed countries and central bank activism had prompted investors to turn much of their attention to emerging countries. However, in 2013, given the uncertainty with regard to future liquidity conditions in the United States, investors withdrew significantly. These movements resulted in significant weakening of local currencies, forcing the authorities to raise their key rates to halt capital outflows and combat accelerating inflation. This cycle of monetary tightening has weighed heavily on economic conditions and will continue to do so over the medium term.
China remains a special case due to the capital controls it imposes at its borders. The year 2013 was nonetheless a pivotal year for China too with the arrival of a new government team and a policy of structural change. In particular, the government has undertaken to regulate financing activities more strictly and improve the transparency of financial institutions in order to contain the real-estate bubble and have greater control over shadow banking. Another central goal of the changes is to reduce borrowing by local authorities to finance large investment projects, whose returns are on the whole diminishing, in order to artificially boost growth. Combating these imbalances will limit the capacity for a rebound in GDP, whose growth rate is expected to slow gradually, albeit remaining above 7%.

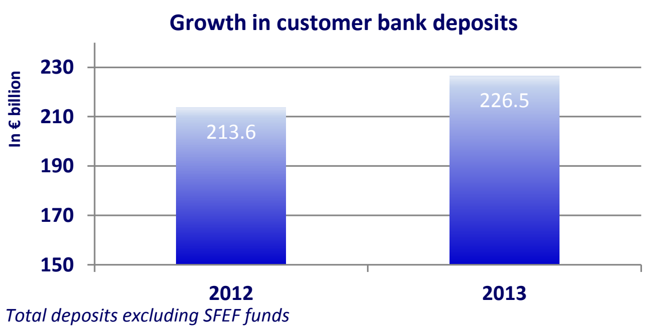
III.1.2 - CM11-CIC Group business performance and results

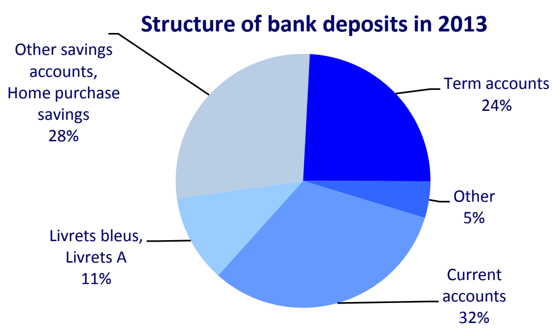
CM11-CIC performed well in 2013. Continuously spurred by strong ambitions for its member shareholders and clients, it managed to combine growth, efficiency and good risk control. It continued to grow in its various business lines – banking, insurance and services – while helping to finance regional economic growth.
Its strong business performance, boosted in particular by retail banking, which accounted for close to 80% of net banking income, enabled it to post net income of more than €2.2 billion, 21.5% more than in the previous year.

III.1.2.1 - Commercial activity continues to grow

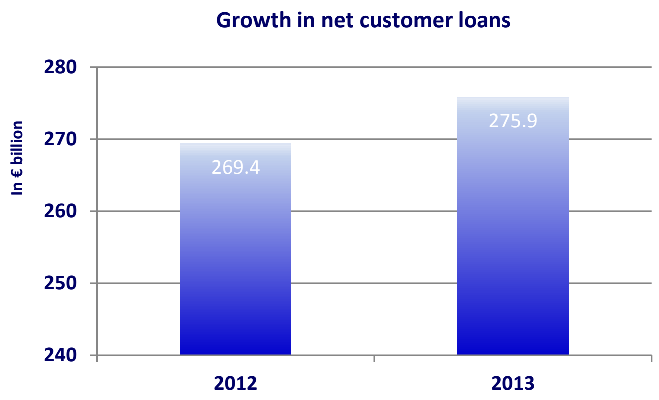
Commercial expansion continued in 2013. All the CM11-CIC entities together contributed to winning more than 300,000 new clients, bringing the total to 24.1 million.

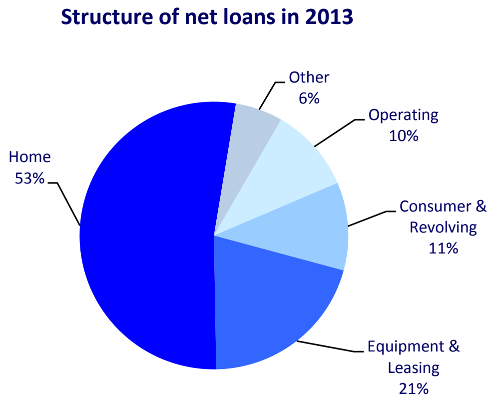
Banking
Bank deposits posted further gains, increasing by 6% (excluding SFEF funds) to nearly €226.5 billion. The €13 billion increase in total deposits resulted primarily from higher deposits on sight accounts (+13.6%) and on the Group's Livret Bleu and Livret A savings accounts (+8.4%), and from growth in home savings accounts (+4.5%).



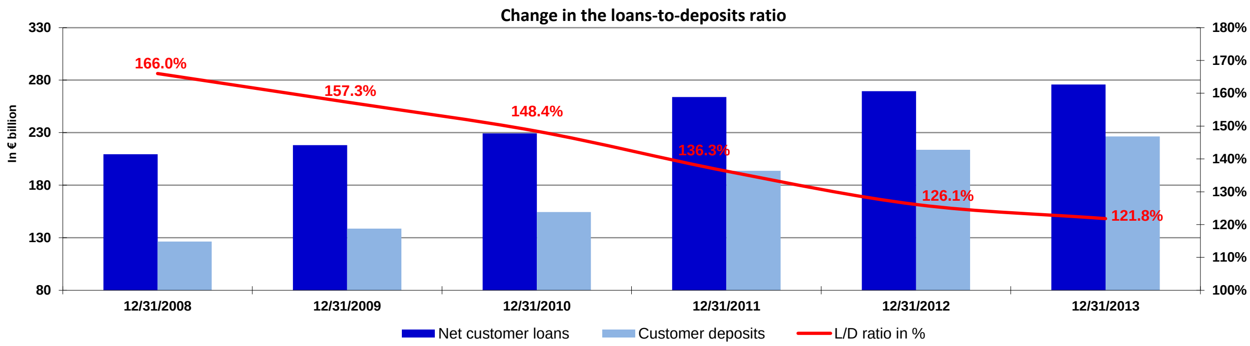


Total outstanding loans increased by nearly €6.5 billion to €275.9 billion, up 2.4%. This increase was driven by growth in investment loans, which were up by 4.5% to €2.4 billion, and in home loans, up by 3.5% to €4.9 billion, which picked up again following the upturn in the real-estate market in 2012. These improvements reflect the CM11-CIC Group's longstanding and continuing commitment to supporting the projects of companies and individuals at both the national and regional levels.





These changes brought about a very marked improvement in the loan-to-deposit ratio, which stood at 121.8% on December 31, 2013, compared with 126.1% one year earlier. This reduces the Group's dependence on the markets for refinancing.



Insurance

In an uncertain and constantly changing environment, the CM11-CIC Group's second business line recorded a high level of activity. 2013 was also the first year of consolidation of the Spanish subsidiary Agrupacio.

Groupe des Assurances du Crédit Mutuel (GACM) totaled 8.4 million policyholders at year end, an increase of 530,000. The number of policies increased by 1.3 million to 26.2 million, with 87% relating to property and casualty insurance.
Premium income from life insurance and insurance-based savings products totaled more than €6.1 billion, a 30% increase. At constant scope, the €1.8 billion increase in net premiums fueled a more than 5 percentage point increase in assets under management. With an increase in revenues of 8.1% (4.8% excluding Agrupacio), property and casualty insurance continued on its steep growth curve. Personal insurance saw growth of 8.5% with the integration of the Spanish subsidiary (up 3.3% at constant scope).

Services

The CM11-CIC Group's technological expertise has enabled it to develop a services activity based on telephony and remote surveillance.
Its EI Telecom subsidiary has 1.2 million active customers and is actively contributing to the development of contactless payments.
Euro Protection Surveillance has more than 328,000 subscribers (up 16%) and continues to strengthen its lead in the French residential remote surveillance market, with a market share of roughly 35%.

III.1.2.2 - Strong growth in financial results

(€ millions)	2013	2012	Net change
Net banking income	11,977	11,462	+4.0%
Operating expenses	(7,431)	(7,341)	+0.6%
Gross operating income	4,546	4,121	+10.2%
Income before taxes	3,436	2,880	+19.1%
Net income/(loss)	2,214	1,823	+21.2%
Net income - Group share	2,011	1,622	+24.0%

Interest margin and commission income

An improvement in interest margin together with growth in net commission income contributed to the 4.5% increase in net banking income, which stood at nearly €12 billion compared with €11.5 billion the previous year. This increase, which was chiefly attributable to retail banking, was helped by a decrease in the cost of funds, which offset the fall in loan yields. Also on a positive note, this business line recorded an increase in loan commissions and financial commissions, received primarily in connection with stock market transactions.

General operating expenses

General operating expenses came to €7.4 billion in 2013, reflecting a tightly controlled increase of 1.2%. In 2013, the CM11-CIC Group benefited from the competitiveness and employment tax credit (CICE), which notably enabled it to maintain and even increase its employee training allocation to a level well above the regulatory minimum, thus enhancing the Group's overall competitiveness. It also facilitated the development of new technologies and new tools, the expansion of the Group’s sales and marketing teams and its prospection of new markets in France and abroad.
The cost-to-income ratio came to 62% in 2013, compared with 64% in 2012.

Cost of risk (net additions to/reversals from provisions for loan losses)

The cost of risk increased by €30 million in 2013 to reach €1.1 billion. It related to the branch network essentially. The cost of risk with respect to customer loans increased by 5.8%. This increase is essentially due to a rise in charges relating to loans of professional and corporate customers (GME and SMEs). These types of customers encountered difficulties due to the unfavorable economic context, difficulties which also caused additional collective reserves for possible loan losses to be recorded.
As a ratio of outstanding loans, the cost of risk with respect to customer loans came to 0.38% compared with 0.37% at end-2012. At the end of 2013, coverage ratios on an individual basis and overall coverage ratios for non-performing loans came to respectively 61.55% and 66.75% compared with 59.61% and 64.66% at the end of the previous year.

Net income

Net income rose by 21.5% to more than €2.2 billion, thus proving the capacity of the CM11-CIC Group's business model to withstand the crisis and enabling it to strengthen its financial solvency.

III.1.2.3 - Increased financial strength

Liquidity and refinancing

Access to market finance benefited from a generally favorable environment in 2013.
The CM11-CIC Group's customer-oriented strategy in retail banking and insurance combined with solid fundamentals gave it a firm advantage when approaching French and international investors.

The Group now systematically meets international investors in the main global regions (Europe, the U.S. and Japan), enabling it to enhance its reputation and lay the ground for new lending agreements. Its strategy of diversifying its investor base – notably outside the eurozone – allowed it to increase the share of issues made in foreign currencies.

In what is a sign of a confident market, the proportion of covered bonds issued by our subsidiary CM-CIC Home Loan SFH accounted for only 16% of the total, with most issues made by BFCM.

The Group continued its strategy in the area of treasury and refinancing. In 2013, it:

- increased the proportion of medium- and long-term funding;
- consolidated the CM11-CIC Group's liquidity situation and totally secured it against a prolonged closure of the money markets by investing in an LCR and/or ECB-eligible asset buffer representing 149% of market finance due to mature within 12 months of December 31, 2013.

Medium- and long-term refinancing

In 2013, the CM11-CIC Group raised €17.6 billion in external medium- and long-term funding, mainly in the second half of the year. Public issues made up 64% of this funding, with private placements thus accounting for a significant share.
U.S. and Japanese investors also played a major part in this fundraising via the following two issues in October 2013:

- an inaugural BFCM three- and five-year issue under U.S. Rule 144A , for USD 1,750 million (€1,270 million);
- a BFCM Samurai issue for JPY 108 billion (€817 million), which was significant in terms of both size – as one of the largest issues of this kind in Japan in 2013 – and quality, in that it attracted more than 100 different Japanese investors.

This brought the Group's medium- and long-term refinancing outstandings to €71.9 billion, representing 65% of total refinancing at December 31, 2013.

Lastly, the Group also strengthened its ties with the European Investment Bank when in late 2013 it secured a new €200 million portfolio of subsidized loans for SME financing. These loans will be distributed within Group entities with suitably eligible customers.

Short-term refinancing

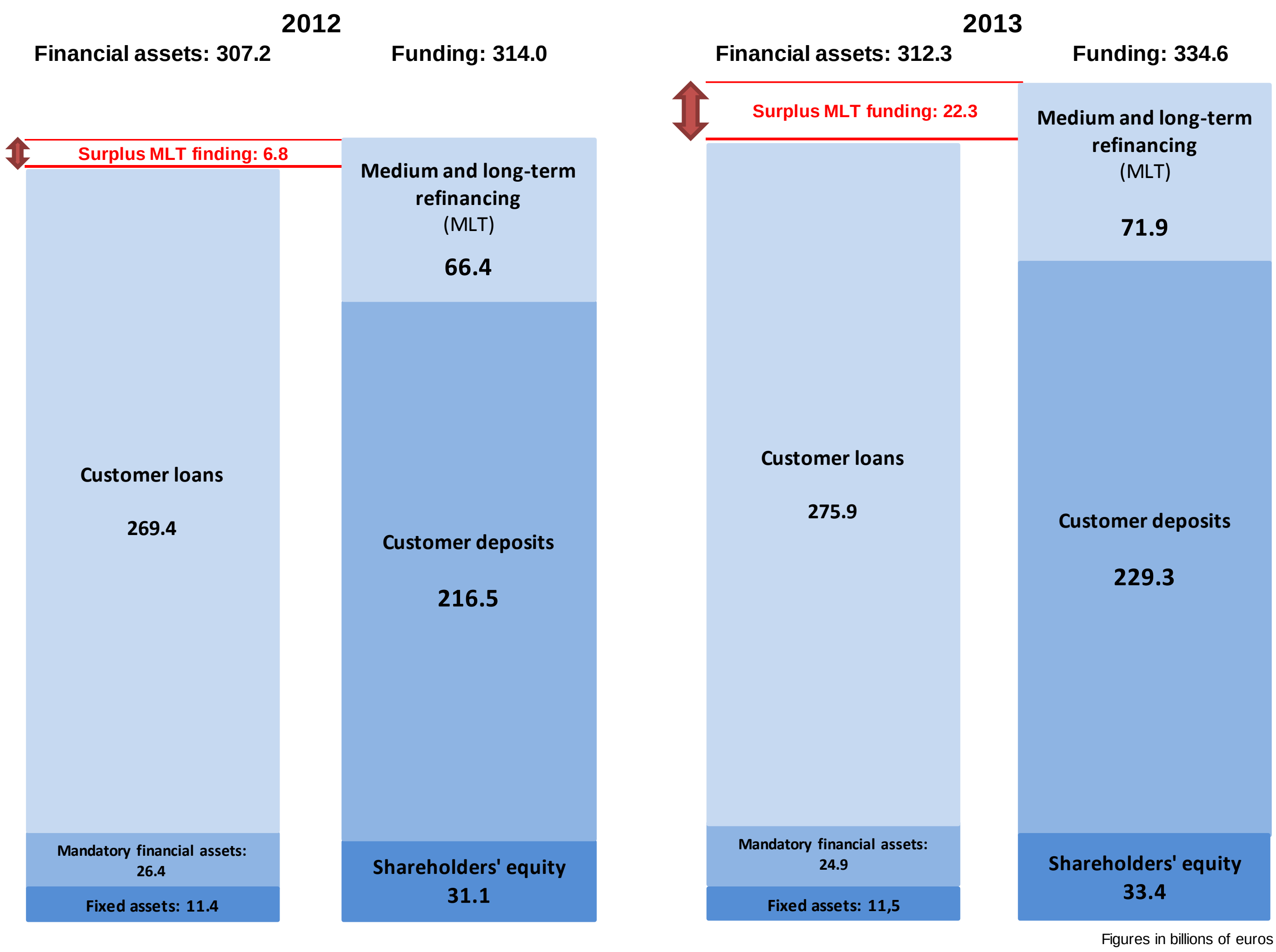
The Group maintained its presence on the short-term money market with operations by its treasury sales teams in Paris, Frankfurt and London. These were part of its various short-term programs offering Negotiable Certificate of Déeposit, Euro Commercial Paper and London CDs.

The Group' liquidity reserve totals €75.8 billion (central bank deposits and inventory of discounted ECB eligible securities and receivables).

Stable funding surplus

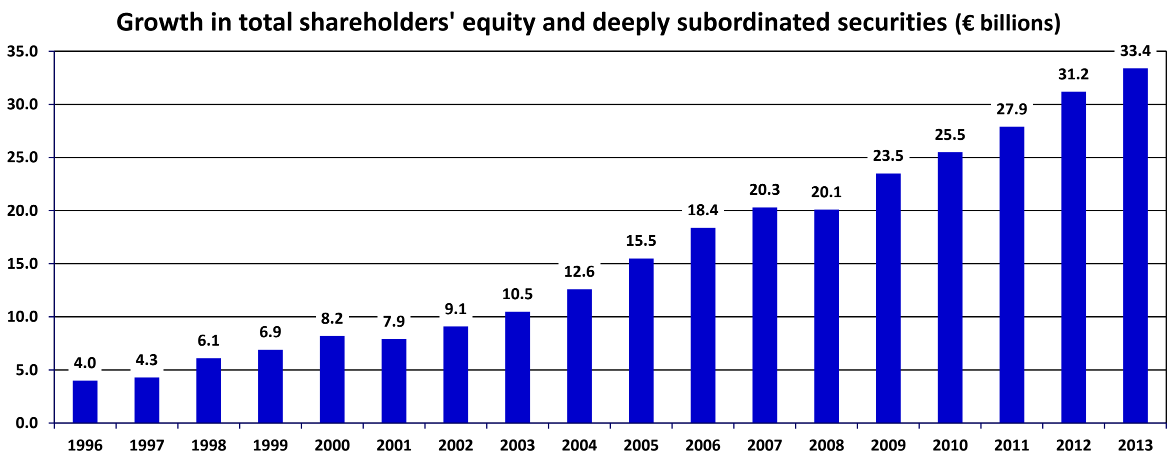
The CM11-CIC Group had a stable funding surplus over stable financial assets of €22.3 billion. This is a result of the policy implemented for a number of years consisting of strengthening customer deposits and extending the maturity of its market debt.

Strengthening of the structure of financial assets and stability of the Group's funding (€ billion)



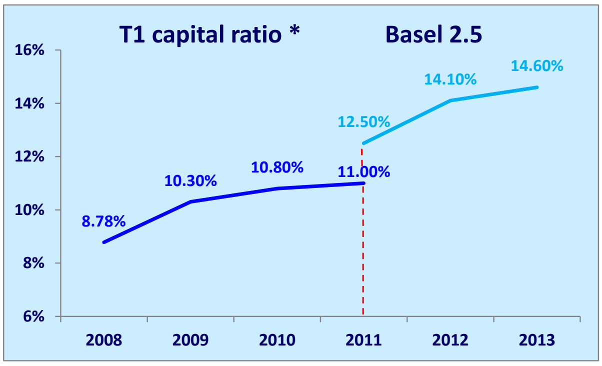
Capital adequacy

At December 31, 2013, CM11-CIC's reported equity and super-subordinated securities totaled €33.4 billion and Tier 1 capital amounted to €22.6 billion.



The Core Tier One capital adequacy ratio, calculated in accordance with Basel 2.5 rules, stood at 14.6%, and is one of the best in Europe, thus facilitating access to the financial markets. Information on CM11-CIC Group's capital ratio risks is presented in the chapter entitled "Information on Basel II Pillar 3".

Under the Basel III rules, defined in the CRR Regulation of June 26, 2013, which came into force on January 1, 2014, the CETI ratio stood at 13.0% on December 31, 2013. In addition, the Group's leverage ratio came to 5.2%.



** T1 ratio from 2008 to 2011 : with Basel I additional requirements in terms of floors*

At 12/31/2013	**Basel 3** (without transitional measures)
Common equity Tier 1 ratio**	13.0%
Overall ratio**	15.8%
Leverage ratio (minimum ratio of 3% to be complied with by January 1, 2018)	5.2%

*** as required under CRR/CRD4; risk-weighted for the equity-accounted value of group insurance companies*

BFCM's short-term rating assigned by Fitch Ratings was downgraded on July 17, 2013 from F1+ to F1 following the downgrade of the French government's rating on July 12, 2013. The short-term ratings assigned by Standard & Poor's and Moody's remained unchanged in 2013.
Moody's and Fitch Ratings confirmed BFCM's long-term rating, while Standard & Poor's reduced it by a notch given France's outlook and economic environment. This downgrade does not call into question Crédit Mutuel's fundamentals. The Group’s ratings remain as high as those of any French bank and attest to the soundness of its financial structure.

	Standard & Poor’s	Moody’s	Fitch Ratings
Long-term rating	A	Aa3	A+
Short-term rating	A-1	P-1	F1
Outlook	Stable	Negative	Stable

III.1.3 The Group’s business lines and its main subsidiaries

III.1.3.1 Retail banking, the Group’s core business

(€ millions)	2013	2012	Change
Net banking income	9,311	8,782	+6.0%
Operating expenses	(5,721)	(5,713)	+0.1%
Gross operating income	3,590	3,070	+16.9%
Income before taxes	2,625	2,111	+24.3%
Net income/(loss)	1,744	1,361	+28.1%

Retail banking is CM11-CIC Group's core business and accounts for nearly 80% of its net income. It includes the Crédit Mutuel local banks, the CIC branches, Banque Européenne du Crédit Mutuel, CIC Iberbanco, the Targobank branches in Germany and Spain, Cofidis Participations, Banque Casino and all the specialized businesses, whose products are marketed by the branch networks and which comprise insurance brokerage, equipment leasing and rentals with purchase options, real estate leasing, factoring, fund management, employee savings, telephony, remote surveillance and real estate sales.

All of these businesses recorded satisfactory commercial performances in 2013. Bank deposits – one of the Group's priorities for greater refinancing of its loans through internal funding – rose by more than 5%. Outstanding loans also increased, albeit at a slower pace (+2.8%).

Net banking income totaled €9,311 million in the year ended December 31, 2013, up 6%. This growth was attributable to:

- an increase in the interest margin linked to the fall in the cost of funding resulting from lower regulated interest rates on Livret Bleu and sustainable development savings accounts, etc., which offset the fall in loan yields;
- growth in net commission income (up 5.4%), which accounted for more than 35% of this division's net banking income. Insurance commissions paid to the retail banking division totaled €946 million. Branch network commission income increased by 5.8%, thanks in particular to loan and account fees (€1,122 million) and commissions on stock market transactions (€234 million). Commission income from services (remote banking, remote surveillance, real estate transactions and telephony) was unchanged at €213 million, while commission income from means of payment contracted to €428 million.

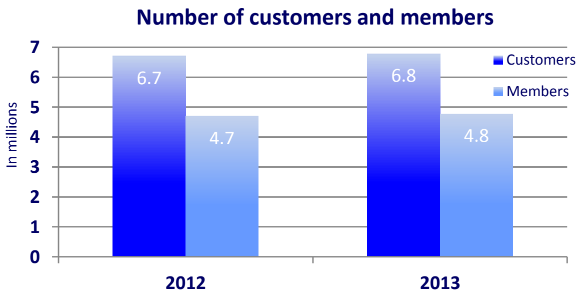
General operating expenses totaled €5,721 million, stable relative to 2012. The cost-to-income ratio dropped by 3.6 percentage points, to 61.4%.
The cost of risk (net additions to provisions for loan losses) increased by €142 million to €1,020 million.

Lastly, net income came to €1,744 million for the year ended December 31, 2013, corresponding to an increase of 28%.

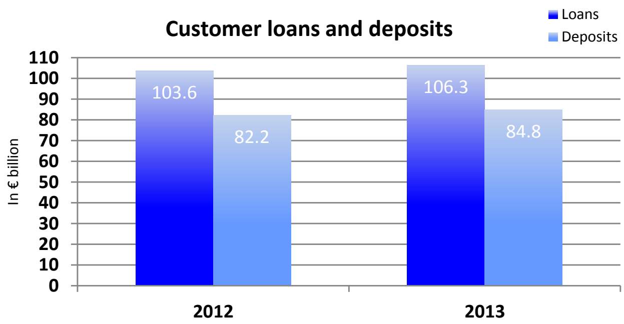
III.1.3.1.1 - CM11-CIC Group's retail banking networks

Crédit Mutuel 11 Group

CM11 Group continued to serve the needs of its customers: individuals, associations, self-employed professionals and corporates. The number of customers increased by 73,000 to 6.8 million during the year. More than 86,000 customers became member shareholders. This means that 7 out of 10 customers will be able to be actively involved in the decisions affecting their local bank at the general meetings for the 2013 fiscal year.



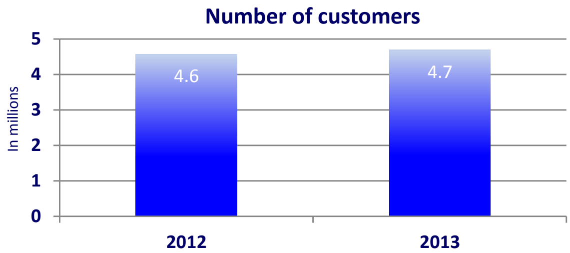
Total outstanding loans increased by €2.7 billion, reflecting chiefly a €2.4 billion or 3.1% rise in home loans. Total outstanding loans came to €106.3 billion at December 31, 2013.
Bank deposits increased by nearly €2.6 billion, bringing total deposits to almost €84.8 billion. New deposits on sight accounts and Livret Bleu savings accounts accounted for the bulk of this increase. Savings also performed well, increasing by 3.8% to €109.4 billion.



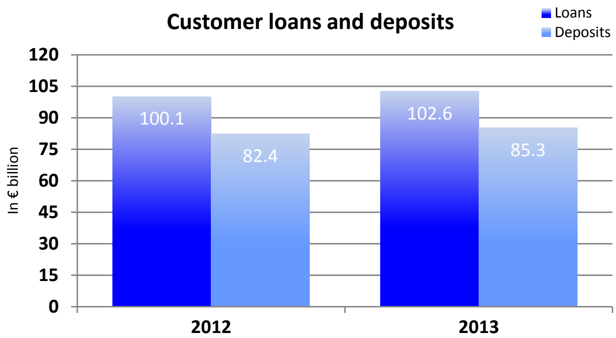
In line with the performance of the retail banking business as a whole, net banking income for the mutual sector also increased by 6.1% to €3,097 million, compared to €2,919 million in 2012. The main drivers of this increase were the higher interest margin (up 6.8%) and growth in net commission income (up 6.9%), which together accounted for 36% of net banking income.
General operating expenses for the year ended December 31, 2013 remained tightly controlled at €1,965 million, up 0.4%. The cost of risk increased substantially, from €103.8 million to €136.1 million.
Net income increased by 14% to €646 million.

CIC - bank networks

Retail banking is also CIC's core business. The bank continued to extend its coverage in France, opening 15 new branches mainly in the Paris area and in the west and south-west of the country. This focus on growth and service quality at the local level enabled CIC to win 120,000 new customers, bringing the total to nearly 4.7 million.



Outstanding loans increased by €2.5 billion to €102.6 billion, driven mainly by investment loans and home loans, which increased respectively by 5.1% and 3.3%. Bank deposits grew by 3.5% to €85.3 billion while savings increased by 2.7% to €55.4 billion.



The network's net banking income increased by 7% to €3,111 million. This mainly reflected the 9.5% rise in the interest margin and a 7.3% increase in net commission income, which together accounted for more than 45% of net banking income. General operating expenses totaled €2,066 million, while the cost of risk totalled €304 million (up €109 million).

The branch network's net income was €457 million, up 19% from 2012.

Banque Européenne du Crédit Mutuel (BECM)

The BECM banking network complements the Crédit Mutuel local banks and works with the CIC branches in four main markets:

- large and mid-sized corporates;
- financing for real estate developers and investors, mainly in the residential sector;
- real estate companies that manage residential, commercial or services rental properties;
- flow management for large accounts in the retail, transportation and services sectors.

Serving 18,000 customers, it has a network of 46 branches in France, Germany and Saint Martin and a subsidiary in Monaco.

The lackluster economic environment and weak demand for loans from French businesses combined with a movement by real estate companies into bond issues led to a 3.4% decrease in loans granted to €10.1 billion.

Strong efforts by its employees enabled BECM to post a further significant increase in deposits, which rose 20.3% to €6.5 billion. Savings totaled €3.1 billion at December 31, 2013, up 2.6% from a year earlier.

The fall in the cost of deposits had a positive impact on the interest margin that, combined with a stable level of net commission income compared with 2012, fueled a 7% increase in net banking income to €207 million. General operating expenses remained tightly controlled at €75.4 million (up 1.6%), while net additions to/reversals of provisions for loan losses rose by nearly €7.7 million to €23.7 million. As a result, net income came to €66.3 million, an equivalent level to 2012.

CIC Iberbanco

With 128 employees working in its 22 branches in Ile-de-France, the greater Lyon region and the south of France (Bordeaux, Midi-Pyrénées and Languedoc Roussillon), CIC Iberbanco attracted more than 6,700 new customers, bringing the total number to more than 40,000.

Customer funds invested in savings products increased by 9.3% to €481 million. Total outstanding loans came to €394 million, representing an increase of more than 18%.

The insurance and telephony businesses also performed well with the number of contracts up by respectively 17.5% and 23.9% to 16,672 and 3,318.

Net banking income increased by nearly 13.9% to €21.9 million. Net income totaled €2.2 million in 2013, compared with €1 million in 2012.

Targobank Germany

Driven by expansion, Targobank Germany's outstanding loans benefited from further growth in personal loans. Total outstanding loans came to €10.6 billion at December 31, 2013, up by 4.5% relative to the previous year. This asset growth was wholly refinanced by an increase in customer deposits, which climbed 6.3% to €11.3 billion.

The wealth management business is also growing. Savings totaled nearly €9 billion at December 31, 2013, up 7.2% from a year earlier.

This good performance stems from a strategy focusing on:

- expanding the sales network: 8 branches were opened in 2013, bringing the number of sales outlets at the end of the year to 351.
- Gradual roll-out of a car loan offer (€59 million in outstanding loans at December 31, 2013).

Another notable event in 2013 was the takeover of the retail banking activities of Valovis Bank AG. This acquisition, which will be completed in 2014, strengthens the bank's position in the vendor credit and credit card market. It will make Targobank Germany the third-largest credit card issuer in Germany.

As for results, net banking income grew by 4.8% to €1,361 million, driven by the increase in outstanding loans and the recovery of the wealth management business. The bank's net income for the year ended December 31, 2013 was €323 million, 17.7% more than in 2012.

Targobank Spain

(Proportionally consolidated subsidiary whose contribution to the financial statements described below represents 50% of its results)

Targobank Spain, a general services bank in which BFCM and Banco Popular Espanol each own a 50% interest, has 125 branches located in Spain's main hubs of economic activity and 231,000 customers, more than 80% of whom are individuals. It manages 147 ATMs and 104,000 debit and credit cards.
Outstanding loans, the majority of which are home loans, totaled more than €1.9 billion. Customer deposits totaled €1.6 billion.

Net banking income grew by 15.2% to €47 million. General operating expenses and the cost of risk (net additions to provisions for loan losses) remained stable, thus contributing to a substantial increase in net income for 2013, to €9.5 million.

III.1.3.1.2 - Retail banking specialized businesses

These comprise the specialized subsidiaries that market their products through their own channels and/or through CM11-CIC's local banks and branches: consumer credit, factoring and receivables management, leasing, fund management and employee savings.

These businesses together recorded a 3.1% increase in net banking income in 2013, with a total of €1,465 million, of which nearly 80% from the consumer credit division.

Consumer credit

Cofidis Group

Cofidis Participations, which is jointly held with Argosyn (formerly 3SI), creates, markets and manages an extensive line of financial services such as consumer credit, payment solutions and banking services (sight accounts, savings, online trading and investments). To that end, it has three specialized company brands specializing in the sale of financial products and services:

- Cofidis, a European online credit specialist with operations in France, Belgium, Italy, Spain, Portugal, Czech Republic, Hungary and Slovakia;
- Monabanq, the CM11-CIC Group's online bank;
- Creatis, a specialist in consumer credit consolidation.

Sofemo, formerly a subsidiary of BFCM and CIC, joined the consolidation scope of Cofidis Participations in May 2013. The company is focused on installment credits and the development of vendor credits.
Outstanding loans including Sofemo totaled nearly €9 billion, up 3.2% at constant scope.
Net banking income increased by 0.5% to €1,137 million. The 2.5% increase in general operating expenses was attributable to expenses linked to the IT convergence project. The cost of risk fell by 3.7%. As a result, net income came to €125 million, up 3.9%.

Banque Casino

(Proportionally consolidated subsidiary whose contribution to the financial statements described below represents 50% of its results)

Banque Casino, jointly held with Casino Group since July 2011, distributes credit cards, consumer credit and insurance products in the Géant Casino hypermarkets, Casino supermarkets and through the Cdiscount vendor site.
2013 notably saw both growth in the overall lending activity underpinned by a new four-installment payment offer for financing Cdiscount sales, and continued sound risk management. This enabled the bank to approach breakeven in 2013.

Factoring and receivables management

CM-CIC Factor is the Crédit Mutuel-CIC Group's customer receivables financing and management specialist. It provides short-term financing for companies, in France and abroad, with a line of factoring and assignment solutions for disclosed trade receivables.

CM-CIC Factor increased its market share for the fifth year in a row, with:

- a 17% increase in purchased receivables, to €21.4 billion;
- export turnover of €1.6 billion (up by 13%);
- gross managed outstandings of €3.7 billion (up by 30%);
- more than 11,500 active customers.

Business development with CM-CIC group banks resulted in payment of €35.8 million in commissions, 13% more than in 2012.

New business volumes, at close to €9.3 billion, were based essentially on strong growth in the Orféo product range, which makes specific solutions for financing and managing receivables available to large and large/medium enterprises (LEs and LMEs). The cost of risk (net provisions for loan losses) in 2013 remained well under control at 0.07 % of gross outstandings.

In 2013, CM-CIC Factor recorded net banking income of €70.1 million, virtually unchanged relative to 2012. Net income came to €3.7 million compared with €5.2 million in 2012.

Leasing

CM-CIC Bail

In 2013, CM-CIC Bail generated virtually the same level of revenue as in 2012, thanks to the dynamism of the Crédit Mutuel and CIC networks, its activity with partner companies and Bail Marine.

The medium-term plan completed in 2013 has enabled CM-CIC Bail to:

- become the leading leasing company in France,
- achieve productivity gains through electronic document management and by the roll-out of new processes,
- bring new development levers into play,
- adapt its organization to changes within the company,
- secure all its activities, and
- pursue its quality strategy as part of the ‘service attitude’ project.

Profitability increased significantly thanks to growth in outstanding loans and favorable refinancing rates. The financial margin reached €146.3 million, an increase of +28%. After payment of commissions to the various networks and a positive litigation impact, net income was up by 63% to €35.8 million.

CM-CIC Lease

Despite a slow market in terms of transactions and real-estate development project starts, CM-CIC Lease recorded an 18% increase in business in 2013.

303 new real-estate lease financing agreements for Crédit Mutuel-CIC customers were signed for a total of €684 million, relating mainly to industrial premises (26%), warehouses (25%) and commercial premises (20%).

Total outstandings, including committed transactions (off-balance sheet), grew by 6% to more than €3.8 billion. Of this total, 69% involve commercial, industrial and warehouse facilities in roughly equal measure, while the balance comprises facilities in a range of other sectors: offices, health and medical, hotels, leisure facilities and educational facilities.

The company continued to put in place and roll out new internal and external procedures with its partners with the aim of further increasing customer satisfaction levels. These focus mainly on shorter response times for lease requests and signature of notaries’ deeds and greater fluidity and responsiveness in the management of construction works. Other procedures are designed to significantly speed up decision making and the putting in place of actions or legal acts required for the management of the real-estate finance leases and of the buildings held.

The interest margin increased by 55% to €26.2 million while commissions paid to the various networks increased by 18%. Well-controlled general operating expenses and limited additions to provisions for loan losses contributed to strong growth in net income, which came to €3.3 million.

Fund management and employee savings

CM-CIC Asset Management

CM-CIC Asset Management, the Group's asset management business center and France's fifth-largest asset manager, recorded 1.6% growth in assets under management from €57.8 billion to €58.7 billion* in 2013, thereby increasing its market share from 5.5% to 5.7%*.

This increase was mainly due to additional inflows of €525 million* on low-risk assets (public funds). Despite still low short-term interest rates, the money-market funds, which rank among the top ranking in the market – *Union Moneplus* and *Union Monecourt* ranked in the top ten percent at December 31, 2013** – continued to grow with subscriptions by corporate and institutional investors. CM-CIC Asset Management was France's number two asset manager in terms of net inflows into money-market funds in 2013**.

With regard to equity mutual funds, CM-CIC Asset Management's performance was in line with stock-market trends, once again robust. The proportion of assets under management in equity funds therefore increased from 8.9% to 10.4% of total assets under management*.

To provide the best possible support to the Crédit Mutuel and CIC networks, the fund ranges are being restructured.

The entire *Mid Cap* range has been revised and two funds have been resized and renamed, *Union Entrepreneurs* and *Union Mid Cap*. Two new SME personal equity savings funds (PEA) have been launched, *Union PME ETI actions* and *Union PME ETI diversifié,* as part of this restructuring. Total assets under management in the *Mid Cap* range grew by 48% in 2013, i.e. €153 million.

A new fund, *Union Europe Rendement,* was added to the *Europe thématique* range, with a 65% increase in assets under management (€191 million).

To get the benefit of an attractive return that is less susceptible to a potential rise in interest rates, at the beginning of the year CM-CIC AM launched Union Obli High Yield 2018 in the bond segment, a combination of high-yield bonds and staggered maturities.

During the year CM-CIC Asset Management also focused on preparing for the future and seizing new opportunities.

The commercial ranges were therefore also reorganized and segmented for each of Crédit Mutuel-CIC's business lines and markets: retail, wealth management, private banking, professional, farmers, businesses, associations, mutuals and institutions. Regular and dynamic communication about target funds was put in place through letters, videos and interviews published on the Group's various Intranet and Internet portals and a new, more comprehensive and clearer reporting system was rolled out.

2013 featured major successes, with new formula funds resulting in an overall inflow of €363 million.

Several initiatives were launched with CM-CIC Epargne Salariale with regard to SRI and solidarity themes and to organizing joint responses to requests for proposals.

In Germany, the new sales policy integrated into Targobank's internal structures and methods and the creation of two funds under the Crédit Mutuel brand got off to a promising start.

The year ended with the spin-off of the Group's portfolio management company, CM-CIC Gestion. Licensed by the AMF, it came into effect on December 30, 2013 and concerns close to 360 people spread throughout France.

CM-CIC AM continues to be an acknowledged player in the French market. Its fund accounting activity increased further with the valuation of 1,018 internal and external UCITS, including 332 for 79** external fund managers).

Net banking income was up by 18% to €56.2 million and net income totaled €6.4 million, compared with €0.9 million in 2012.

** source: Europerformance monthly ranking at December 31, 2013*
*** source: Europerformance awards at December 31, 2013*

CM-CIC Epargne Salariale

CM-CIC Epargne Salariale, the employee savings business center for CIC and Crédit Mutuel, represented at year-end 2013:

- €6,535 million in assets under management (up by +6.2%);
- 66,833 corporate customers (up by +7%);
- 1,383,091 employees' savings under management.

The growth in assets under management reflected the upturn in equity and bond valuations and the growth in the customer base achieved over the past few years, in a year when net inflows were negative.
2013 saw a sharp increase in withdrawals, up by 43.7%, due to government measures allowing exceptional unlocking of employee savings, subject to conditions, between July 1 and December 31.
Sales activity was particularly lively in the corporate segment, resulting in a 56.5% increase in new capital inflows.
Payments into employee savings plans grew by 6.1%, reflecting a savings reflex prompted by the difficult economic conditions.
This past year saw significant capital expenditure on information technology aimed at enhancing services to companies and savers.
Since June 30, 2013, CM-CIC Epargne Salariale has moved from fourth to third place in the sector, based on number of managed accounts.

Net banking income was up by nearly 19.5% to €23.9 million in the year ended December 31, 2013 and net income amounted to €3.4 million versus €2.1 million in 2012.

Other

Real estate (CM-CIC Immobilier SAS)

The CM-CIC Immobilier subsidiary markets building plots and housing through various companies, sells new houses and manages residential real estate for investors through CM-CIC Gestion Immobilière and also invests jointly in real estate development projects.
CM-CIC Immobilier recorded net income of €0.3 million in 2013.

Crédit Mutuel-CIC Home Loan SFH

As market conditions were favorable for refinancing during most of 2013, the majority of our issues were made by BFCM.
CM-CIC Home Loan SFH nonetheless issued a total of €2,843 million during the year, contributing for 16% to the CM11-CIC Group's external medium and long-term refinancing.
Three public issues by CM-CIC Home Loan SFH are worth noting in particular:

- €1,250 million with a maturity of 7 years (April 2013);
- GBP 250 million with a maturity of 3 years (April 2013);
- €1,000 million with a maturity of 10 years (September 2013).

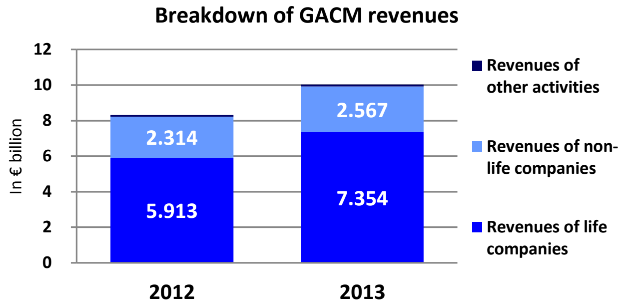
III.1.3.2 - Insurance, the Group's second business line

(€ millions)	2013	2012	Change gross	Change constant scope
Net banking income/(expense)	1,440	1,412	+2.0%	-1.9%
Operating expenses	(411)	(356)	+15.7%	+2.0%
Gross operating income	1,028	1,056	-2.6%	-3.2%
Income before taxes	1,000	1,015	-1.5%	-2.1%
Net income/(loss)	629	603	+4.2%	+3.4%

Crédit Mutuel created and developed bankinsurance starting in 1971. This longstanding experience now enables the insurance activity, which is carried out through Groupe des Assurances du Crédit Mutuel (GACM), to be fully integrated into CM11-CIC Group both commercially and technically. GACM serves more than 8.4 million policyholders who have subscribed 26.2 million contracts, up from 7.9 million policyholders and 24.8 million contracts in 2012.

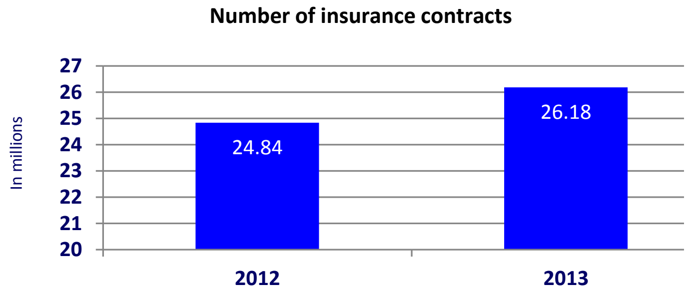
2013 featured major legislative developments: the reorganization of the supplementary health insurance market arising from the Interprofessional National Agreement (*Accord National Interprofessionnel*), the creation of the Euro Croissance and Vie Génération life insurance policies, and the draft consumer protection legislation are just some examples of the developments in the insurance sector.

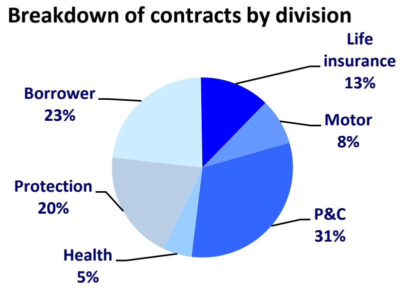
The CM11-CIC Group's insurance business recorded exceptional results, with revenues rising by more than 21% and exceeding the €10 billion threshold for the first time. 2013 marked the first year in which the Spanish subsidiary Agrupacio was consolidated. At constant scope, premium income grew at a high rate of 18%.



In terms of the insurance activity, gross premium income on life insurance and insurance-based savings products rose by 30% to more than €6.1 billion. At constant scope, net premiums (after benefit payments to policyholders) totaled €1.8 billion and enabled the volume of life insurance and insurance-based savings products to increase by more than 5%.

With revenues up 8.1% (4.8% excluding Agrupacio), the property and casualty insurance business continued its steady growth. As in 2012, the auto and home insurance segments significantly outperformed the market average, posting respective revenue gains of 5.7% and 10.0%. Personal insurance revenue rose by 8.5% thanks to the integration of the Spanish subsidiary; excluding Agrupacio, it rose by 3.3%, in line with the previous year.

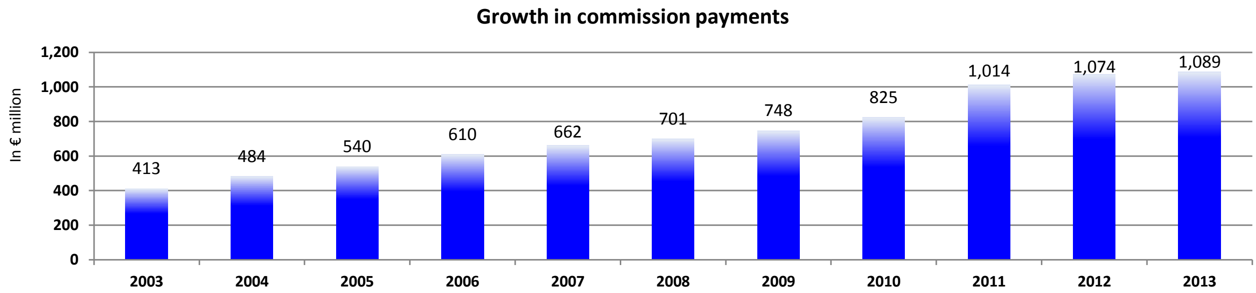




In terms of claims, the number of property insurance claims dipped despite the various weather-related events during the year. This trend was nevertheless offset by various factors that weighed on the 2013 underwriting accounts:

- legislative and regulatory changes;
- the low interest rate environment;
- the decision by the French guarantee fund for compulsory insurance (Fonds de Garantie des Assurances Obligatoires – FGAO) to cease indexing benefits payments to victims of auto accidents as of January 1, 2013;
- the setting of a 2.25% inflation rate to establish provisions for such cases;
- the impact of the discount rate on the provisioning expense.

Net insurance income therefore totaled €1,440 million (+2% gross increase) and GACM's net income was €629 million, a 4.2% gross increase. These results include €1,089 million in commission payments to the distribution network (up by 1.4% relative to 2012).



2014 should benefit from the momentum generated by the Group's new medium-term plan[3], with in particular the launch of a new home insurance product and a comprehensive offer for professional and corporate customers.

Meanwhile, GACM will continue its international expansion, mainly in Spain and Belgium. In Canada, GACM will support a major acquisition drive by Desjardins Assurances, which will enable DGAG (Desjardins Groupe d'Assurances Générales) to double in size and become Canada's second-largest insurer.

GACM finished the year 2013 with more than €8 billion in shareholders' equity, up 5.2%, and a sound balance sheet that positions it well for 2014 and the challenges ahead.

III.1.3.3 – Financing Activities

(€ millions)	2013	2012	Change
Net banking income/(expense)	314	324	-3.2%
Operating expenses	(89)	(92)	-3.4%
Gross operating income	225	232	-3.1%
Income before taxes	188	171	+9.6%
Net income/(loss)	124	131	-5.5%

Financing activities (corporate banking) includes the financing of large corporates and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and financing carried out by foreign branches.
As of December 31, 2013, the Group's financing activities included €12 billion in credits (-8%) and €8.7 billion in deposits (+56%).

Net banking income totaled €314 million (€324 million in 2012), with the decline due to lower margins following efforts to win new customers. General operating expenses and overall cost of risk (net additions to provisions for loan losses) fell by 3.4% and 38%, respectively. Net income was therefore €124 million, compared with €131 million at end-2012.

III.1.3.3.1 - Large corporates and institutional investors

As expected, in 2013 the eurozone economy remained in the doldrums, recording only anemic growth. The leading French corporations with international operations sought new sources of growth in emerging countries, whose growth slowed toward year-end.

[3] The medium-term plan 2014 - 2016 is an internal plan of Credit Mutuel-CIC group. Its ambitions for this period, are based on around three axes (-preservation of our identity – priority to development – necessity of adapting) and were approved by the Chambre interfédérale of Crédit Mutuel in December 2012. All the Group companies, networks in France and abroad (in particular all Crédit Mutuel local banks and CIC branches) and subsidiaries were directly involved in the development of the global level of the plan.

This environment led companies to adopt a conservative approach toward investment and thereby dampened their demand for credit. As a result, we recorded few new financing transactions, most of the transactions were renewals, often for smaller amounts. Given greatly improved banking liquidity, margin and commissions levels contracted. In addition, the disintermediation trend continued, particularly in the first half, and there was also strong growth in private placements. CM-CIC led or played an active role in several bond issues, including those of ADEO, Air Liquide and Rallye.
Credit Mutuel-CIC Group's sound financial position, confirmed by the rating agencies, ensured further growth in overall deposits by large corporates and institutional investors. A dedicated sales team now markets all of the Group's placement products and services.
2013 was also affected by preparation for the migration to SEPA (SCT, SDD), a migration set to occur on January 29, 2014. Our teams were very active and continue to support our customers in 2014 to enable them to complete the switchover within the scheduled timelines.
The Large Accounts department continued to promote the Group's different skills and know-how successfully, winning major factoring and social engineering agreements with listed companies included in the CAC 40 index.

In a still difficult environment in 2014, the Large Accounts department continues to support its customers, with a strong focus on means of payment in Europe, drawing both on the Group's know-how and that of its Canadian partner, Mouvement Desjardins.

III.1.3.3.2 - Specialized financing

Competition from non-bank players, particularly in acquisition financing, increased in 2013. This put greater pressure on terms and conditions and some business was lost to these new players. At December 31, balance sheet loans were down by 4.3%.

Acquisition financing

The CM-CIC group supports its customers in their plans for business transfers and external growth and development by offering its expertise and know-how in structuring the most appropriate financing for each type of transaction.
At the sales and marketing level, business was good, particularly in the small and mid caps segment with an increase in the number of transactions completed. Close attention was paid to the risk/return ratio on new business transactions. The staff carefully and effectively managed syndication risks.
With the increased liquidity in the market, the impact of the fall in margins and pressure on structures was felt both in France and at the bank's foreign branches. Several debt fund management initiatives were taken to benefit from growth in this sector.

Asset finance

After a lackluster year in 2012, production picked up in 2013 in Paris, New York and Singapore in all the markets covered, despite still uncertain economic conditions, particularly in the shipping sector (bulk cargoes, oil tankers and containers).
CIC continued to pursue a cautious policy, while continuing to support its customers in their financing needs. It played a major role in the financing of the largest French-registered ship and of export sales of Airbus aircraft. Competition between banks (U.S. and Asian) for prime projects and counterparties increased, thereby further squeezing margins.
Optimized financing transactions contributed significantly to commissions.
The staff also worked actively to adapt to regulatory changes.

Project finance

Investor appetite for Infrastructure projects grew in 2013: debt funds completed their first transactions and project finance banks made a remarkable comeback.
CIC received EIB approval in respect of one of its Biomass programs, enabling it to benefit from optimal refinancing conditions.
The Project Finance business line confirmed its position in the electricity sector by winning 7 new projects out of a total of 10 in 2013: financing for a biomass power plant in Rennes, a thermal power plant at Le Moule in Guadeloupe, wind farms in the Aube, La Marne and Beauce regions; refinancing for a portfolio of wind farms with a total capacity of 440 MW. CIC also concluded an infrastructure

transaction (construction and maintenance of railway lines in the United Kingdom) and two transactions in the telecom sector (Netherlands and United Kingdom).
The breakdown of financing authorizations granted in 2013 by business sector was as follows: electricity 52.5%; infrastructure 31% and infra-telecom 16.5%. The geographic breakdown was as follows: Europe 90.1%, Asia-Pacific 4.9% and America 5%.
The portfolio of outstanding loans breaks down as follows: electricity 41.5%, infrastructure 45.7%, infra-telecom 2.4% and natural resources 10.4%.

International activities and foreign branches
The main axis of CM-CIC Group's strategy abroad consists of supporting clients' international development by offering a diversified line of products and services adapted to each company's needs.
Through CIC Développement International, CM-CIC Aidexport and the CIC branches located in London, New York, Singapore, Hong Kong and Sydney, CM-CIC Group has the resources to achieve this goal.
Support for clients doing business in other countries is also provided through strategic partnerships: in China with Bank of East Asia; in the Maghreb region with Banque Marocaine du Commerce Extérieur and Banque de Tunisie; and in Spain with Targobank and Banco Popular.

III.1.3.4 - Capital market activities

(€ millions)	2013	2012	Change
Net banking income/(expense)	513	603	-15.0%
Operating expenses	(184)	(196)	-6.3%
Gross operating income	329	407	-19.2%
Income before taxes	322	383	-15.9%
Net income/(loss)	204	230	-11.3%

BFCM and CIC have consolidated their capital market activities within the same organization, CM-CIC Marchés, which carries out the CM11-CIC Group refinancing and commercial and proprietary trading activities from offices in Paris and Strasbourg, and through branches in New York, London, Frankfurt and Singapore.

These transactions are recognized on two balance sheets:

- BFCM for the refinancing business, and
- CIC for the commercial and proprietary trading activities in fixed-income products, equities and credits.

[The group has continued to secure and diversify its sources of funding and to assist many customers with their bond issues. It has also successfully extended its investment skills to customers for placements and hedging of financial risks.

The Group's capital market activities also include stock market intermediation provided by CM-CIC Securities.

For the year ended December 31, 2013, net banking income totaled €513 million, compared to €603 million in 2012. General operating expenses and net additions to provisions for loan losses decreased by 6.3% and 71% respectively. Net income totaled €204 million, compared with €230 million at end-2012.

III.1.3.4.1 - Refinancing

Conditions were favorable for the Group's refinancing in 2013.

CM11-CIC was thus able to raise €17.6 billion of external medium and long-term funding, mainly (56%) in the second half.

Public offerings accounted for 64% of the total, leaving private placements to account for a far from negligible share of the funds raised.

Reflecting a generally more confident market, secured debt issued by Crédit Mutuel-CIC Home Loan SFH accounted for only 16% of the total, with most debt issues being made by BFCM.

The portion of debt issued in foreign currencies increased to 16%, reflecting the Group's policy of diversifying its counterparty base, particularly outside the euro zone.

The Group now systematically organizes meetings with international investors in its main geographic regions (Europe, the United States and Japan) thereby rapidly boosting the CM11-CIC Group's reputation, enabling it to benefit from the opening of credit lines.

It is particularly worth highlighting the participation of U.S. and Japanese investors in the two BFCM issues completed in October 2013:

- an issue of USD 1,750 million (€1,270 million) under US144A legal documentation with maturities of 3 years and 5 years;
- a "Samurai" issue of JPY 108 billion (€817 million), which was of particular interest because of its size (one of the largest such issues in Japan in 2013), and by the quality of its placement with more than 100 Japanese investors.

The Group also strengthened its relationship with the European Investment Bank (EIB) by underwriting a new €200 million package of subsidized loans for financing SMEs, which will be distributed through the regional banks that have customers that qualify for these types of loans.

Meanwhile, operations in the short-term money market continued thanks to the work of the treasury sales teams in Paris, Frankfurt and London with various programs of short-term notes (CDN, ECP, London CD's).

More generally, with regard to treasury and refinancing, 2013 enabled the Group to successfully pursue its strategy of:

- increasing the percentage of medium and long-term resources (65% of the total at end-December 2013).
- consolidating CM11-CIC's liquidity situation and ensuring its capacity to withstand a lengthy shutdown of the money market thanks to a buffer of LCR and/or ECB-eligible assets representing 145% of market finance due to mature within 12 months of December 31, 2013.

III.1.3.4.2 - Sales

The French sales teams are based in Paris and the main regional cities. They offer network customers and large corporate clients solutions for hedging their risks (interest rate risk, currency risk, commodities risk), for refinancing (particularly commercial paper) and classic or structured investments.

In particular, this department benefits from an original and efficient range of investment products resulting directly from the knowhow accumulated by the "fixed income/equities/credit investment'" business line.

These activities recorded good growth in 2013, with in particular the launch of two UCITS sub-funds.

III.1.3.4.3 - Fixed income/equities/credit investment

The teams strive to enhance the Group's profitability through investments carried out within a framework of specific limits. The investments consist mainly of purchases and sales of financial securities purchased with the intent of being held for the long term, as well as transactions involving financial instruments related to these securities.

In 2013, the financial markets were characterized by:

- accommodating monetary policies,
- abundant liquidity,
- easing of credit spreads and reduced perception of risk on the worst-hit peripheral countries at the beginning of the year,

- positive economic conditions in Europe in the second half and a recovery in the United States at the end of the year.

In this environment, positions were managed conservatively. The market activities in France and New York recorded significantly better results than forecast.

Alternative investment products offered to customers performed well. Returns for the main investment vehicle, the *Stork* alternative investment fund, exceeded 11% in 2013 compared with an annualized rate of 9.3% since its launch in June 2007. Total assets under management increased by 39%.

III.1.3.4.4 - Stock market intermediation

Acting as a broker-dealer, clearing agent and custodian, CM-CIC Securities meets the needs of institutional investors, private asset management companies and corporates.

As a member of ESN LLP, a multi-local network comprising nine intermediaries present in 9 European countries (Germany, the Netherlands, Belgium, Finland, Italy, Spain, Portugal, Greece and France) and the majority shareholder of GSN North America (United States, Canada), it can trade on behalf of its customers in all European and North American equity markets as well as in numerous emerging markets.

Covering 700 European companies, ESN has a research team of 100 analysts and strategists, as well as 150 salespeople and traders spread throughout Europe.

For its part, CM-CIC Securities has 30 analysts and strategists based in France, 28 salespersons in Paris and Lyon and 7 in New York (GSN North America). It also has a sales force of 5 people for index-linked, equity and agricultural commodities derivatives (Préviris coverage offered to farmers for their wheat, canola and corn harvests) and nine sales staff and traders for traditional and convertible bonds.

Furthermore, the company has a quality research facility for U.S. and Canadian equities and commodities at its disposal thanks to exclusive distribution agreements for Europe signed with Needham & Co, an independent U.S. investment bank based in New York, Valeurs Mobilières Desjardins, a subsidiary of Desjardins Group, Canada's leading cooperative financial institution, and Afrifocus Securities, an independent South Africanbroker. A new research distribution agreement was put in place for Brazilian stocks at the level of ESN in 2013, with CGD Securities investment company, a subsidiary of ESN's Portuguese member.

In 2013, CM-CIC Securities organized more than 250 company and analyst presentations (road shows) and seminars in France and abroad.

As a securities custodian, CM-CIC Securities serves 116 asset management companies and administers more than 25,000 personal investor accounts and acts as custodian for nearly 300 mutual funds, representing €19.3 billion in assets. The investment undertaking welcomed eight new asset management companies, an acknowledgment of its teams' know-how, the quality of its SOFI account-keeping software and the financial strength of CM-CIC.

CM-CIC Securities, through its CM-CIC Corporate department, is the Group's business line center for financial transactions. It draws on the expertise of CM-CIC Capital Finance's capital structuring and specialized financing teams and benefits from the commercial coverage of "large accounts" and the network, including CIC Banque Privée, BECM, CIC Banque Transatlantique, etc. Partnership agreements with all ESN members have extended its stock market operations and merger and acquisition activities throughout Europe.

In 2013, it took part in 22 bond issues, as book runner in 17 of them (in particular 16 syndicated public issues for customers such as Air Liquide, Unibail and Wendel). Among these issues, the team also completed private placements for *Groupe ADEO*, *Akka technologies* and *Cofitem*. Among other transactions the Equity Capital Markets team completed an initial public offering (*Ekinops*), a capital increase for *Rubis*, an issue of Subordinated Bonds Mandatorily Convertible into New and/or Existing Shares (*OSRANE*) for *OL Groupe* and a convertible bond issue for *Naturex*.

Lastly, the department also provides issuer services (financial communications, liquidity agreements and stock buybacks, financial secretariat and securities service).
CM-CIC Securities generated net banking income of €37.1 million in 2013.

III.1.3.5 - Private banking

(€ millions)	2013	2012	Change
Net banking income/(expense)	444	463	-4.0%
Administrative expenses	(329)	(334)	-1.4%
Gross operating income	115	129	-10.8%
Income before taxes	108	106	+1.5%
Net income/(loss)	70	79	-11.3%

Through CIC Private Banking, the Group's private banking activities develop know-how in financial management and estate planning, which is offered to business owners and their families and private investors throughout the world, particularly in Europe and Asia.

Internationally, the segment has operations, some of them long-established, in countries and areas where private banking has growth potential: Luxembourg, Switzerland, Belgium, and Asia.
Its entities offer nearly 180,000 customers a wide range of high value-added services.
In 2013, the private banking division had €103 billion in assets under management, €14 billion in commitments and employed 1,900 people.

Net banking income came to €444 million, down from €463 million in 2012, mainly as a result of the drop in interest margin. The cost of risk (net additions to provisions for loan losses) fell by €22 million to €8 million, bearing in mind that in 2012 they had still been impacted by residual Greek sovereign debt. Nevertheless, net income fell by 11% to €70 million.

In France, the Group operates through two major players:

- CIC Banque Privée, which is integrated into the CIC network and mainly targets senior executives;
- CIC Banque Transatlantique, whose tailor-made services, aimed largely at French nationals living abroad, include private banking and stock options.

CIC Banque Privée

With a workforce of 342 people in more than 50 towns and cities in France, *CIC Banque Privée* serves wealthy families and business owners, particularly at key moments for their businesses: opening up the capital, acquisitions and family transmissions.
Working together with financial and wealth engineers, its 179 private banking managers help senior business executives and their advisors to identify and deal with issues and establish appropriate business and wealth strategies.
All the skills of the CM11-CIC group, notably in the international field, are mobilized to propose the best solutions.
In 2013, in a more settled financial environment, CIC Banque Privée continued to grow and to increase fund inflows, drawing on its close customer relationships and selecting the best banking and financial offerings in the market.
Strengthening the teams in France and organizing targeted training initiatives have contributed to the growth of this business line.
CIC Banque Privée's development has also been boosted by *Sélection F* and *Sélection Patrimoine*, a multi-manager fund offer (as part of life insurance arbitrage advisory services) designed by CM-CIC Gestion.
Managed savings now total nearly €16 billion.

Banque Transatlantique Group

Assets under management were up by 23% to €21 billion at December 31, 2013. This total includes assets under management from the acquisitions of Dubly Douilhet Gestion and BECM Patrimoine.
This performance was achieved thanks to the hard work of the bank's staff, the growing number of customers who placed their trust in the bank and the positive trend in the stock markets.
Net banking income came to more than €105 million in 2013 while net income came to €27 million.

At international level, CIC Private Banking's network consists mainly of:

Banque de Luxembourg

The bank operates in a number of specialized businesses such as asset management, private banking, lending and services for independent professionals (fund promoters, asset managers, etc.). It targets an international clientele that is often very demanding in terms of quality and advisory services.

It is one of the leading banks in Luxembourg and has also been operating in Belgium for several years.

From January 1, 2015 Luxembourg will generalize the automatic exchange of information with its European partners. Thanks to the commitment of its staff and the measures taken since the early 2000s to prepare customers for this event, the bank's business now complies with the new requirements.

In 2013, its know-how continued to attract new customers. The new inflows of capital, the impact of the market upturn and the acquisition of Lloyd's Luxembourg private banking business brought private banking assets to more than €18 billion. At the end of 2013, it signed an agreement to acquire the private banking assets of LBLux S.A.

Lending grew by around 6% in 2013, reflecting the bank's determination to step up its business development among businesses and individuals.

Administrative support, investment fund advisory and services for independent asset managers and life insurance companies are the main growth areas for the professional banking business. In an environment marked by the transposition into Luxembourg law of the Alternative Investment Fund Managers Directive (AIFMD) and by a multitude of new regulations, Banque de Luxembourg has proved able to support its customers and confirm its position as a preferred partner, with highly trained, well equipped multilingual and multi-skilled teams.

Net banking income for 2013 amounted to €232 million while net income came to €73 million.

Banque CIC (Suisse)

Banque CIC (Suisse) remained on a robust trend in 2013, focusing on independent professionals, business and senior executives. The customer base grew by more than 15%, as did assets under management and total assets. The key to the success of this strategy continues to be personalized service combined with the Group's extensive product offer.

In terms of investments, Banque CIC (Suisse) focused in particular on retirement and pension products, concentrating on the Swiss franc. This resulted in excellent performances and significant inflows of new capital into certain equity and bond funds.

Growth in savings and lending volumes resulted in a substantial increase in commissions on securities and interest income, above the market levels.

Net banking income came to nearly €73 million in 2013 while net income came to €2 million.

CIC Private Banking-Banque Pasche

With an experienced and highly-skilled staff and a long history in private wealth management, the bank gives utmost priority to preserving its customers' wealth in an environment that is undergoing upheaval.

Its customers, often disoriented by the radical changes that have occurred in the past few years, were able to turn to the bank in 2013 for advice for making safe and lasting investments that comply with applicable regulations and tax requirements.

CIC Singapore and CICIS Hong Kong branch

Since 2002, CIC has carried out its Asian private banking business from Hong Kong and Singapore, financial centers that have become market leaders in this industry.

Investors' interest switched from bonds to equities in 2013. However, the increase in long-term liquidity created investment opportunities towards the end of the year, after a particularly quiet third quarter.

Overall, assets under management increased by 14%. CM11-CIC has continued to increase the number and quality of its advisors, creating a team dedicated to non-resident customers.

III.1.3.6 - Private equity

(€ millions)	2013	2012	Change
Net banking income/(expense)	119	100	+19.0%
Operating expenses	(34)	(34)	-1.2%
Gross operating income	85	66	+29.5%
Income before taxes	85	66	+29.3%
Net income/(loss)	86	67	+26.9%

Private equity is a key pillar of our commercial strategy, enabling us to assist corporate clients of the Crédit Mutuel and CIC networks in bolstering their shareholders' equity over the medium to long term (seven to eight years).This business activity is carried out by CM-CIC Capital Finance, which is France's leading banking private equity player, with €2.5 billion of assets under management and 550 companies in its portfolio.

Together with its subsidiaries (CM-CIC Investissement, CM-CIC Capital Innovation, CM-CIC Capital Privé, and CM-CIC Conseil), it has some 100 employees spread among the Paris headquarters and six regional offices (Lyon, Nantes, Strasbourg, Lille, Bordeaux and Montreal).
With a comprehensive offering including venture capital, private equity, buyout capital, and advice on mergers and acquisitions, CM-CIC Capital Finance takes equity stakes ranging from €1 million to €100 million to support businesses in their development in France and internationally.
Economic conditions remained difficult in 2013 and were not favorable for business customers' growth projects. Despite this, the company and its subsidiaries showed good resilience both in terms of activity and portfolio performances and overall profitability improved.
In the context of proprietary management, more than €200 million (of which nearly two thirds in the capital of medium-sized companies) was invested in 118 companies, including a substantial portion as support for existing portfolio companies.
At December 31, 2013 this portfolio represented a total of €1.9 billion (including €75 million in innovation capital) for close to 470 holdings. It is diversified with a significant portion (nearly 60%) in growth capital.
In management for third parties, CM-CIC Capital Privé carried out a new round of fund subscriptions (one FIP investment fund and one FCPI innovation fund) for €40 million, and invested €28.1 million. Funds under management amounted to €363 million.
On December 31, 2013, with a view to refocusing on customers of the Crédit Mutuel-CIC group, CM-CIC Capital Finance sold 90% of the capital of the management company CM-CIC LBO Partners to SGP Fondations Capital.
The advisory business enjoyed a satisfactory year with eight transactions in a sluggish mergers and acquisitions market.

CM-CIC Capital Finance and its subsidiaries recorded net banking income of €119 million in 2013 compared with €100 million in 2012 and posted a nearly 27% increase in net income to €86 million.

III.1.3.7 – Logistics

(€ millions)	2013	2012	Change
Net banking income/(expense)	1,293	1,240	+4.3%
Operating expenses	(1,135)	(1,093)	+3.9%
Gross operating income	159	147	+7.6%
Income before taxes	152	136	+11.6%
Net income/(loss)	79	80	-0.4%

The “Logistics” division includes purely logistics entities: intermediary holding companies, operating real estate housed within specific companies, the Group IT companies, EI Telecom, Euro Protection Surveillance and the press division.

Net banking income for the logistics activity, which rose by 4.3% to €1,293 million in 2013, consists of the sales margins of IT, telephony and surveillance companies and of the services provided by CM-CIC Services, the net banking income of the logistics subsidiaries of Targobank Germany and Cofidis and the sales margin of the press division.

Overall, the entities making up the logistics activity generated net income of €79 million in 2013, unchanged from 2012.

EI Telecom – EIT

The telecom sector remains very unstable due to the price war raging between the four infrastructure operators. This situation has put pressure on margins in the sector due mainly to the fall in ARPU (*Average Revenue Per User*) resulting in lower-priced offers to acquire new customers and to existing customers. EIT’s active customer base increased to a little over 1.2 million.

2013 featured the implementation of full MVNO architecture on the SFR and Orange networks, the launch of 4G in the SFR network, the signature of a 4G agreement with Orange and the acquisition of Auchan Telecom, which helped to stabilize revenues and increased the active customer base.

Net income amounted to €12 million compared with €7.8 million in 2012).

Euro Protection Surveillance – EPS

EPS continued to grow in 2013 and now has more than 328,000 subscribers, up by 16%. EPS thus confirmed its leadership in residential remote surveillance in France with a 35% share of the market (Source: Atlas de la Sécurité 2013/Internal data).

Net income increased by 21.7% to €14.6 million in 2013.

III.1.3.8 - Holding

The Holding division, which has no operational activities, oversees and coordinates the activities of the subsidiaries.

For the year ended December 31, 2013, this activity reported negative net banking income of €857 million and a net loss of €721 million. These figures include the cost of refinancing Targobank Germany, the shortfall in working capital of BFCM, goodwill amortization for Targobank and Cofidis, the Crédit Mutuel and CIC business development plans[4] and impairment of the equity interest in BPM.

III.2 - Recent developments and outlook

In an environment characterized by a wide variety of economic, social, technological, competitive and regulatory challenges, CM11-CIC has set development, adaptability and service quality as its main priorities. These are the factors that will enable it to preserve its identity and highlight its difference.

At the same time, the Group will continue to fulfill its mission of supporting the real economy by financing the projects of businesses and individuals while working to strengthen its independence from the financial markets by giving its priority to attracting new deposits.

Thanks to its directors and employees and their daily actions in the field, the Group is pursuing its mutual banking mission in order to constantly “support and serve” its members and customers more effectively.

[4] The cost of the business development plans is carried by two entities: the Caisse Fédérale de Crédit Mutuel and the CIC and are allocated to Holding business line. It is not of an operational activity but support function for start and the development of new Crédit Mutuel local banks or branches of CIC regional banks of the CIC in areas with development potential. The financial support which characterizes these business development plans is controlled, degressive and limited in time.

III.3 - Risk Report

This section sets out the information required by IFRS 7 regarding risk exposures arising from financial instruments.
The figures provided in this section have been audited, except for those specifically marked with an asterisk(*), which have been checked for accuracy and consistency as stipulated in Article L.823-10 of the French Commercial Code, as has the rest of the board of directors' management report.
The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.
The risk management department consolidates overall risk control and optimizes risk management as regards the regulatory capital allocated to each business and return on equity.

III.3.1 – Credit risk

III.3.1.1 - Organization of the lending unit

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:

- loan origination procedures; and
- risk assessment, the monitoring of commitments and management of at-risk items.

The lending unit and exposure management are organized based on a single set of guidelines that sets forth the rules and practices applicable within the Group.

III.3.1.1.1 - Loan origination procedures

Credit approval is based on know-your-customer, risk assessment and commitment decision procedures.

Know-your-customer

The Group relies on the close ties it has established in the communities in which it operates as the basis for obtaining information about existing and prospective customers, which the group classifies into several risk-based categories that help determine the targeting of marketing efforts. A loan file is prepared to support the loan origination process.

Risk assessment

Risk assessment is based on various analyses performed at different stages in the lending cycle including, in particular:

- customer ratings;
- risk groups; and
- the weighting of products according to the type of risk involved and the collateral and guarantees pledged.

The relevant group employees receive periodic training on risk management and assessment.

Customer ratings: a single system for the entire Group

In accordance with the applicable regulations, the Group's internal customer rating system is at the core of the Group's credit risk procedures and is used in determining approval, payment, pricing and monitoring. All loan origination decisions are based on the counterparty's rating. The lending unit approves the internal ratings of all loan files for which it is responsible.
The Group has developed rating algorithms and expert models to improve its credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.
This rating system is common to the entire Crédit Mutuel Group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.
The Group's counterparties that are eligible for internal approaches are rated by a single system.
Models (algorithms or grids) are used to differentiate and correctly classify risk. The assessment scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).

Monitoring of the rating models focuses on three aspects: stability assessment, performance and additional analyses. CNCM is responsible for this monitoring, which covers each rating model.

Risk groups (counterparties)
Individuals or legal entities that are related in such a way that if one of them encounters financial problems it is likely that the others will follow, are considered as a single beneficiary.
The risk groups are established based on a procedure that incorporates the provisions of Article 3 of CRBF regulation 93-05.

Product and guarantee weightings
When assessing the counterparty risk, the Group may apply a weighting of the nominal commitment based on a combination of the loan type and the nature of the guarantee.

Loan origination process

The loan origination process is essentially based on:

- a formalized risk analysis of the counterparty;
- the internal rating applied to the counterparty or group of counterparties;
- approval levels;
- review of the loan file by a separate team under the Group's dual review principle;
- whether the loan falls within maximum discretionary lending limits that have been determined in proportion to the local lending bank's equity;
- whether the interest rate and other fees are adapted to the loan's risk profile and capital consumption.

The Group uses a real-time automated decision-making circuit. As soon as a loan application has been completed, the electronic loan file is automatically transmitted to the relevant decision maker at the appropriate level.

Approval levels
The customer relationship manager is responsible for ensuring the completeness, quality and reliability of the information collected. In accordance with Article 19 of CRBF regulation 97-02, the manager compiles loan files intended to formalize all qualitative and quantitative information on each counterparty. The manager checks the reliability of the information gathered either with customers or using any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal. Customer relationship managers are each responsible for any decisions they take or cause to be taken and are endowed with personal approval powers.

For loan files whose amount exceeds the personal approval powers, the decision falls to a Loan Origination Committee whose operating rules are set by procedures.

Approval powers reflect a range of commitment caps based on:

- the rating;
- the total amount of commitments for a given counterparty or risk group, weighted where relevant depending on the type of loan concerned or the eligible guarantees;
- any specific exclusion.

Role of the lending unit
The lending unit is present at various operational levels. Coordination of the unit and involvement in the key tasks and files are carried out from Strasbourg (CM) and Paris (CIC). Specialized teams located in the regional departments and in each regional bank also provide a regional presence wherever the CM11-CIC operates.

It has two key roles and is therefore split into two independent teams, whose responsibilities are as follows:

- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken;

- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

III.3.1.1.2 - Risk assessment, commitment monitoring procedures and management of at-risk items

In accordance with the prevailing regulations, commitments are monitored by national and regional entities.

Risk assessment

To assess risk, CM11-CIC group uses an array of tools that provide an aggregated, static and dynamic view of:

- the exposure to a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to suit the business lines concerned (rating, market, lending products, business segments, remuneration, etc.).

Each commercial entity uses information systems to check compliance with the limits assigned to each of its counterparties on a daily basis.

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.

This monitoring is conducted independently from the loan origination process and is in addition to and in coordination with the actions taken mainly by first-level control in the lending units, permanent control and the Risk Department. The objective is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The Group also conducts internal reviews of counterparties to set “major risks” limits, determined based on either the bank’s equity under CRBF regulation 93-05 in the case of regulatory limits, or equity and internal counterparty ratings in the case of corporate limits, using the methods (including those covering frequency) defined in the procedures specific to this area.

Advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit) are also used to monitor account functioning anomalies and overruns, on the basis of both external and internal criteria, in an automated, systematic and comprehensive manner. These criteria are used to identify loans for special handling as early as possible.

Permanent controls on commitments

The network permanent control function, which is independent of the lending function, performs second level controls on credit risk. Counterparties exhibiting warning signs are reviewed, and entities with multiple negative indicators are identified. The aim of the control is to ensure that appropriate “risk” strategies are applied and suitable remedial action implemented.
This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

A unified definition of default based on Basel and accounting requirements

The entire Credit Mutuel group uses a unified definition of default, which draws a correlation between the Basel concept of default and the accounting notion of non-performing loans and loans in litigation as a result of an alignment of prudential rules to accounting regulations (CRC 2002-03). The computer applications take contagion into account, which also allows related loans to be downgraded.

Identification of at-risk items

The objective of the process is to identify all loans to be placed on credit watch and then allocate them to the applicable category: sensitive (not downgraded), non-performing or in litigation. All loans are subject to an automatic monthly identification process using internal and external indicators that have been parameterized in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transfer to non-performing, provisioning and reclassification as performing
Adjustments associated with the transfer to non-performing, provisioning and the reclassification as performing comply with the prevailing prudential rules and are processed automatically monthly, which ensures the process is exhaustive.

Management of customers downgraded to non-performing or in litigation
The counterparties concerned are managed differently according to the severity of the situation: at the branch level by the customer relationship manager or dedicated teams specialized by market, type of counterparty or collection method.

Reporting

Risk Committee
In accordance with the provisions of CRBF regulation 97-02, the various bodies concerned, particularly the Risk Committee, are informed of changes in lending commitments at least once every quarter. In addition, they are informed of and participate in decisions on revisions to the various credit management measures.

Information provided to management
Detailed information on credit risks and related procedures is provided to management. This information is also presented to a Risk Monitoring Committee in charge of examining the strategic challenges faced by the CM11-CIC Group in terms of risks, in accordance with applicable regulations.

III.3.1.2 - Quantified data

III.3.1.2.1 - Summary credit-risk exposure (balance sheet and off-balance sheet).

2013 was characterized by growth in lending to customers and stable cost of risk, with net additions to provisions at a similar level to 2012.

Exposure

Total gross exposure amounted to €321.1 billion, down by 2.3% compared with the end of 2012. Loans to customers totaled €284.1 billion, up by 2.9% relative to 2012, while loans to credit institutions were down by 29.6%.

(in € millions)	Dec. 31, 2013	Dec. 31, 2012
Loans & receivables		
Credit institutions	36,972	52,802
Customers	284,093	276,009
Gross exposure	**321,065**	**328,811**
Impairment provisions		
Credit institutions	-4	-280
Customers	-8,690	-7,392
Net exposure	**312,371**	**321,138**

Source: Accounting - excluding repurchase agreements.

Exposure on commitments given

(in € millions)	Dec. 31, 2013	Dec. 31, 2012
Financing commitments given		
Credit institutions	1,581	1,620
Customers	50,886	47,882
Guarantee commitments given		
Credit institutions	2,003	1,323
Customers	15,259	13,800
Provision for risks on commitments given	**151**	**144**

Source: Accounting - excluding repurchase agreements.

III.3.1.2.2 - Customer loans

Loans to customers totaled €284.1 billion, up by 2.9% relative to 2012. On-balance sheet medium and long-term loans increased by 4.1% while short-term loans were down by 3.1%.

(in € millions)	Dec. 31, 2013	Dec. 31, 2012
Short-term loans	**57,430**	**59,255**
Overdrawn current accounts	7,694	8,085
Commercial loans	4,924	4,774
Short-term credit facilities	44,318	45,929
Export credits	495	466
Medium- and long-term loans	**213,086**	**204,749**
Equipment loans	47,645	45,641
Housing loans	145,644	140,748
Finance leases	8,865	8,405
Other loans	10,931	9,955
Total gross customer loans, excluding non-performing loans	**270,516**	**264,003**
Non-performing loans	13,019	11,434
Accrued interest	558	572
Total gross customer loans	**284,093**	**276,009**

Source: Accounting - excluding repurchase agreements.

Quality of the portfolio

The loan portfolio is of high quality. On the Group's nine-level internal rating scale (excluding defaults), customers in the eight best ranking categories accounted for 97.6 % of outstanding loans.

Performing loans to customers by internal rating	Dec. 31, 2013 in %	Dec. 31, 2012 in %
A+ and A-	37.3%	35.2%
B+ and B-	30.4%	32.8%
C+ and C-	21.5%	20.8%
D+ and D-	8.4%	8.9%
E+	2.4%	2.3%

Source: Risk Management.
(*) CM11-CIC scope (excluding non-EI subsidiaries).

The following chart indicates what the Group believes its internal scores correspond to in the credit rating scales of Moody's and Standard & Poor's.

CM-CIC rating	Moody's equivalent	Standard & Poor's equivalent
A +	AAA to Aa1	AAA to AA+
A -	Aa2 to Aa3	AA to AA-
B +	A1 to A2	A+ to A
B -	A3 to Baa1	A- to BBB+
C +	Baa2	BBB
C -	Baa3	BBB-
D +	Ba1 to Ba2	BB+ to BB
D -	Ba3 to B1	BB- to B+
E+	B2 and<	B and<

Focus on Home loans

Outstanding home loans increased by 3.5% in 2013 and accounted for 54% of total gross customer loans. Home loans are spread among a very large number of customers and are secured by real property sureties or first-rate guarantees.

(in € millions)	Dec. 31, 2013	Dec. 31, 2012
Housing loans	**145,644**	**140,748**
Secured by Crédit Logement or Cautionnement Mutuel Habitat	53,256	49,621
Secured by mortgage or other similar security	73,431	71,300
Other guarantees*	18,957	19,827

Source: Accounting. (*) Other risk-level mortgages, pledges, etc.

Breakdown of loans by customer type

The breakdown of loans by customer type shown below includes all the CM11-CIC group entities.

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
Retail	79%	78%
Corporates	18%	17%
Large corporates	2%	3%
Specialized financing and other	1%	2%

Source: Risk Management.

Geographical breakdown of customer risk

The breakdown of loans by customer type takes into account all the CM11-CIC group entities.

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
France	90%	91%
Europe, excluding France	9%	8%
Rest of the world	1%	1%

Source: Accounting.

Concentration risk / Exposure by segment

Concentration risk and exposure by segment are addressed in the chapter "Information on Basel II pillar 3".

Major risks

Corporate (€m = € millions)

Concentration of customer credit risk	Dec. 31, 2013	Dec. 31, 2012
*** Gross commitments in excess of €300m**		
Number of counterparty groups	36	40
Total commitments (€m)	23,864	24,464
of which total statement of financial position (€m)	8,086	9,138
of which total off-statement of financial position guarantee and financing commitments (€m)	15,778	15,326
*** Gross commitments in excess of €100m**		
Number of counterparty groups	129	137
Total commitments (€m)	38,997	39,282
of which total statement of financial position (€m)	16,076	16,767
of which total off-statement of financial position guarantee and financing commitments (€m)	22,921	22,516

Source : DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

Banking

Concentration of customer credit risk	Dec. 31, 2013	Dec. 31, 2012
*** Gross commitments in excess of € 300m**		
Number of counterparty groups	9	11
Total commitments (€m)	6,036	8,266
of which total statement of financial position (€m)	3,962	6,737
of which total off-statement of financial position guarantee and financing commitments (€m)	2,074	1,529
*** Gross commitments in excess of € 100m**		
Number of counterparty groups	27	28
Total commitments (€m)	9,686	11,472
of which total statement of financial position (€m)	6,702	9,436
of which total off-statement of financial position guarantee and financing commitments (€m)	2,984	2,037

Source : DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

Amount at-risk and cost of risk

Non-performing loans and loans in litigation remained stable at €13,019 million at December 31, 2013 compared with a restated total of €12,528 million at end-December 2012[5].
These loans accounted for 4.6% of total customer loans compared with 4.5%[5] at the end of 2012.

5 Figures restated following reconstitution of €1,163 million of loans fully amortized over more than 5 years at Targobank Germany.

At the end of 2013, actual net provisioning for known risks represented 0.366% of gross outstanding customer loans, compared with 0.350%[5] at December 31, 2012. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.380% of the gross outstanding customer loans, compared with 0.367%[5] at December 31, 2012. The table below summarizes the main components.

Cost of Risk (Net additions to/reversals from provisions for loan losses)

	Dec. 31, 2013	Dec. 31, 2012 (1)	Dec. 31, 2012
Cost of total customer risk	**0.380%**	**0.367%**	**0.369%**
Banking networks[a]	0.21%	0.21%	0.15%
Individuals	*0.08%*	*0.08%*	*0.07%*
Housing loans	*0.06%*	*0.06%*	*0.06%*
Consumer credit - Targobank Germany	1.25%	1.43%	1.57%
Consumer credit - Cofidis	3.49%	3.92%	3.92%
Financing[b]	0.20%	0.48%	0.48%
Private banking	0.10%	0.31%	0.31%

Source: DGR and Accounting.

a. CM11 regulatory scope, CIC, BECM, CIC Iberbanco, Targobank Spain (excluding Targobank Germany, Cofidis and support subsidiaries in the network.

b. Large corporates, International (incl. foreign subsidiaries), Specialized financing.

1 Figures restated following reconstitution of €1,163 million of loans fully amortized over more than 5 years at Targobank Germany

Quality of customer risks

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012 (1)	Dec. 31, 2012
Individually impaired receivables	13,019	12,598	11,434
Provision for individually impaired receivables	8,013	7,979	6,815
Provision to collectively impaired receivables	676	577	577
Coverage ratio	66.7%	67.9%	64.7%
Coverage ratio (provision for individually impaired receivables only)	61.6%	63.3%	59.6%

Source: Accounting.

1 Figures restated following reconstitution of €1,163 million of loans fully amortized over more than 5 years at Targobank Germany

Outstanding loans to customers that are overdue but not impaired

(in € millions)	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	4,014	34	25	12	4,086
Governments	0	0	0	0	0
Credit institutions	1	0	0	0	1
Non-financial institutions	40	0	0	0	40
Large corporates	609	2	18	9	638
Retail customers	3,364	32	7	4	3,407
Total	4,014	34	25	12	4,086

(1) Available-for-sale or held-to-maturity debt securities.

(in € millions)	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	0	0	0	0	0
Loans & receivables	5,261	40	11	16	5,328
Governments	1	0	0	0	1
Credit institutions	10	0	0	0	10
Non-financial institutions	40	0	0	0	40
Large corporates	678	1	5	10	695
Retail customers	4,533	39	6	5	4,583
Total	5,261	40	11	16	5,328

(1) Available-for-sale or held-to-maturity debt securities.

*III.3.1.2.3 - Interbank loans**

Interbank loans by geographic region

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
France	33.3%	43.1%
Europe, excluding France	38.8%	34.2%
Rest of the world	27.9%	22.7%

Source: Counterparty Financial Information Department.
Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

The breakdown of interbank loans is based on the country of the parent company.
At the end of 2013, exposures related mainly to European and North American banks.
The proportion of interbank loans located in France has decreased while the proportion of loans in the other regions increased overall.

Structure of interbank exposure by internal rating

	Equivalent external rating	Dec. 31, 2013 in %	Dec. 31, 2012 in %
A +	AAA/AA+	0.1%	0.1%
A -	AA/AA-	24.1%	32.5%
B +	A+/A	51.4%	43.3%
B -	A-	8.5%	10.3%
C and below	BBB+ and below	15.9%	13.5%
Not rated		0.0%	0.3%

Source: Counterparty Financial Information Department.
Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

In 2013, the change in the structure of CM11-CIC's interbank exposure based on the internal rating was marked by:

- a decrease in the proportion of loans rated A- (external equivalent AA/AA-);
- an increase in the proportion of loans rated B+ (external equivalent A+/A) and a slight increase in the proportion of loans rated C+ or lower (external equivalent BBB+).

All in all, 84% of outstanding loans were rated B or A (i.e. at least A- in equivalent external ratings), compared to 86% the previous year.

III.3.1.2.4 - Sovereign risk

Sovereign risk is presented in Note 7c to the consolidated financial statements of CM11-CIC Group.

III.3.1.2.5 - Debt securities, derivative instruments and repurchase agreements

The securities portfolios are mainly held by the capital markets activity and, to a lesser extent, the asset-liability management unit.

Debt securities (in € millions, year-end principal balances)	Carrying amount as of Dec. 31, 2013	Carrying amount as of Dec. 31, 2012
Government securities	22,755	13,589
Bonds	80,782	81,581
Derivative instruments	8,667	3,886
Repurchase agreements & securities lending	13,643	12,508
Gross exposure	**125,846**	**111,565**
Provisions for impairment of securities	-101	-107
Net exposure	**125,745**	**111,457**

Source: Accounting

III.3.2 - Asset-liability management (ALM) risk

III.3.2.1 - Organization

The CM11-CIC group's asset-liability management functions are centralized.

The CM11-CIC Group's decision-making committees for matters concerning liquidity and interest-rate risk management are as follows:

- The ALM Technical Committee manages liquidity and interest rate risk in accordance with the risk limits applied within the CM11-CIC Group. The committee is composed of the heads of the relevant business lines (finance department, asset-liability management, refinancing and treasury, marketing and risk) and meets at least on a quarterly basis. The indicators compiled at the consolidated level and by entity are static and dynamic liquidity gaps, Basel III stress scenario liquidity gaps, static interest-rate gaps and sensitivity of net banking income and net asset value.
- The ALM Monitoring Committee, composed of the CM11-CIC group's senior executives, examines changes in asset-liability management risk and approves the risk limits.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11-CIC as a whole and for each of the entities comprising the Group. The hedges are assigned to the entities concerned, in accordance with their needs.

The various asset-liability management risk indicators are also presented each quarter to the CM11-CIC Group's Risk Committee.

The role and principles governing asset-liability management are defined as follows:

- Asset-liability management is a distinct function from the dealing room, with its own resources.
- The key objective of asset-liability management is to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis.
- Asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest-rate risk arising from the network's activity.

Asset-liability management helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

*III.3.2.2 - Interest-rate risk management**

Interest rate risk arising on the Group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstanding amounts on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

The Group uses a combination of macro hedging and specific hedging, in the case of high value or uniquely structured operations, in accordance with risk limits set in relation to the annual net banking income for each bank and for the Group. The technical committee decides which hedges to put in place and allocates them pro rata to the needs of each entity.

Interest rate risk is analyzed based on the main indicators below, which are updated on a quarterly basis.

- **The static fixed-rate gap,** corresponding to items in the balance sheet, assets and liabilities, whose cash flows are considered to be certain over a one to ten year horizon, governed by limits from three to seven years, measured by a net banking income ratio.

- **The static "inflation" gap** over a 1 to 10 year horizon.

- **The sensitivity of the net interest margin**, calculated based on national scenarios and subject to limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity's net banking income.

The Group calculates four scenarios:

- scenario 1 (core scenario): a 1% increase in market interest rates and a 0.33% increase in inflation;
- scenario 2: a 1% increase in market interest rates and stable inflation;
- scenario 3: a 2 % increase in market interest rates and a 0.66% increase in inflation;
- scenario 4 (stress scenario): a 3% increase in short interest rates, a 1% decline in long rates and stable inflation.

At December 31, 2013, the net interest income of the CM11-CIC commercial banking was exposed, under the core scenario, to a drop in interest rates of -1.56% (- €112.4 million in absolute value), compared with
-2.36% in 2012. In year 2, exposure to the fall in rates is -2.83% (-€208.8 million in absolute value), compared with -3.41% the previous year. At December 31, 2013, the floor set at inflation +0.25% by French authorities for the determination of the interest rate for certain savings accounts had been reached. The floor remains reached if rates increase by 1% and inflation by 0.33%. Also the interest rate only varies in this scenario by 0.33% instead of by the usual level of 0.67%, contributing to increased sensitivity to a drop in rates. The risk limits (3% of net banking income at one year and 4% at two years) applying to the commercial bank were complied with.

Indicators in case of a rise in interest rates in CM11-CIC commercial banking (excluding the holding company) were as follows:

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	1.6%	2.8%
Scenario 2	2.6%	4.4%
Scenario 3	1.8%	4.0%
Scenario 4	-0.2%	-2.0%

- **Sensitivity of Net Asset Value (NAV)** arising from the application of the standard Basel II indicator:

By applying a uniform 200bp increase or decrease to the whole balance sheet (with a floor of 0% for market rates), it is possible to measure, as a percentage of equity, the change in the net discounted value of the main balance sheet items based on various scenarios.

Sensitivity of net asset value	As a percentage of total equity
Sensitivity +200bp	-2.8%
Sensitivity -200bp	+4.6%

III.3.2.3 - Liquidity risk management

The CM11-CIC group attaches great importance to the management of liquidity risk.

The CM11-CIC group's liquidity risk management mechanism is based on the following procedures:

- compliance with the standard liquidity ratio and the Liquidity Coverage Ratio (LCR), which is representative of the Group's short-term liquidity situation;
- calculating the static liquidity gap, based on contractual and agreed maturities and incorporating off-balance sheet commitments; transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to five years and are subject to alert thresholds.
- calculating the liquidity gap in a Basel III stress scenario, whose estimated future cash flows are based on NSFR weightings. Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years with alert thresholds in order to secure and optimize the refinancing policy.
- calculating the dynamic liquidity gap over five years, incorporating new loans granted, thereby facilitating measurement of future financing needs associated with the development of the commercial activity;
- the ALM Technical Committee determines the liquidity hedges to be put in place with respect to these indicators. These hedges are allocated pro rata to the cumulative needs.

Breakdown of maturities for liquidity risk

2013	**Residual contractual maturities**							
(in € millions)	≤ 1 month (a)	> 1 months ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	**Total**
Assets								
Trading financial assets	1,862	954	2,853	3,090	6,213	1,878	17	16,867
Financial assets at fair value through profit or loss	6,656	2,626	1,624	0	1,945	0	0	12,851
Derivative instruments used for hedging purposes - assets	2	0	2,708	1	4	43	9	2,767
Available-for-sale financial assets	2,446	2,677	10,549	2,296	7,105	4,799	2,408	32,280
Loans and receivables (incl. finance leases)	40,293	10,026	22,205	30,079	60,586	150,519	1,688	315,396
Held-to-maturity investments	43	53	1	0	641	0	0	738
Other assets	1,157	10,341	1,267	24	88	39	953	13,869
Liabilities								
Central bank deposits	15	34	120	50	115	127	0	460
Trading financial liabilities	911	191	1,435	1,040	5,940	1,215	44	10,776
Financial liabilities at fair value through profit or loss	7,827	4,585	4,098	0	0	0	0	16,510
Derivative instruments used for hedging purposes - liabilities	7	0	2,438	54	1,219	78	14	3,811
Financial liabilities carried at amortized cost	178,546	25,306	42,293	24,249	49,722	35,149	3,514	358,780
Of which, debt securities (incl. bonds)	*10,397*	*15,534*	*21,857*	*8,921*	*23,235*	*23,863*	*1*	*103,808*
Of which, subordinated debt	*2*	*0*	*123*	*1,483*	*1,515*	*1,017*	*2,184*	*6,325*

Excluding insurance activities.

(a) Includes accrued interest income and expense and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

2012	**Residual contractual maturities**							
(in € millions)	≤ 1 month (a)	> 1 months ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	**Total**
Assets								
Trading financial assets	1,823	1,091	5,023	1,722	4,815	3,198	10	17,680
Financial assets at fair value through profit or loss	5,296	2,439	2,742	116	1,838	18	20	12,470
Derivative instruments used for hedging purposes - assets	3	0	1,207	9	96	5	21	1,342
Available-for-sale financial assets	488	369	2,191	3,793	8,144	4,074	2,769	21,828
Loans and receivables (incl. finance leases)	52,352	9,087	21,759	26,093	62,572	148,185	3,043	323,091
Held-to-maturity investments	3	77	68	116	641	0	0	904
Other assets	944	15,513	962	13	89	48	984	18,553
Liabilities								
Central bank deposits	9	45	24	52	125	87	0	343
Trading financial liabilities	639	158	1,200	770	3,167	1,678	15	7,627
Financial liabilities at fair value through profit or loss	7,666	6,179	5,147	0	0	0	0	18,992
Derivative instruments used for hedging purposes - liabilities	12	9	500	79	222	1,931	37	2,789
Financial liabilities carried at amortized cost	157,075	32,294	42,256	24,999	58,058	33,103	4,167	351,951
Of which, debt securities (incl. bonds)	*13,005*	*14,527*	*22,822*	*9,755*	*19,657*	*19,339*	*1*	*99,107*
Of which, subordinated debt	*126*	*59*	*198*	*700*	*1,995*	*2,017*	*2,190*	*7,285*

Excluding insurance activities.

(a) Includes accrued interest income and expense and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

III.3.2.4 - Exchange rate risk

The Group automatically centralizes the foreign currency positions of each Group entity in the CIC holding company and in BFCM on a daily basis for commercial transfers and cash flows, both income and expenses, denominated in foreign currencies. Any unrealized foreign currency gains and losses are translated into euro at the end of each month and the resulting foreign currency position is also centralized.

As a result (except CM-CIC Marchés), no Group entity bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.

A specific foreign currency position limit is assigned only to CM-CIC Marchés' capital markets business.

The structural foreign currency positions resulting from foreign currency allowances to foreign branches are not hedged.

Foreign exchange gains or losses are recognized in the asset or liability translation accounts and do not pass through the income statement.

The profits or losses of the foreign branches are retained in the foreign branches and thus add to the structural foreign currency position.

III.3.2.5 - Equity risk

The CM11-CIC Group has exposure to various types of equity risks.

III.3.2.5.1 - Assets measured at fair value through profit or loss

Financial assets held in the trading portfolio amounted to €537 million as at December 31, 2013 compared with €317 million at December 31, 2012 and solely concerned CIC's capital markets business (see Note 5a to the consolidated financial statements).

Financial assets recorded at fair value through profit or loss amounted to:

- €1.945 billion under the fair value option, of which €1.698 billion represented the private equity business line (see Note 5a to the consolidated financial statements);
- €9.973 billion in equities held by the GACM insurance company (see Note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

III.3.2.5.2 - Available-for-sale financial assets

Financial assets classified as available-for-sale and various long-term investments amounted to €7.713 billion and €2.192 billion respectively (see Note 7 to the consolidated financial statements).

Long-term investments included:

- investments in non-consolidated subsidiaries totaling €1.495 billion and in associates totaling €533 million: the main holdings concern the Maine, Anjou, Basse Normandie and Océan regional banks for €76 million, Club Sagem (€210 million), Desjardins (€46 million), Foncières des Régions (€300 million) and CRH (Caisse de Refinancement de l'Habitat) for €72 million;
- other long-term securities (€163 million).

III.3.2.5.3 - Diminution in value of shares:

The Group reviews its equity investments periodically to identify any impairment to be recognized for listed securities in the event of a significant or prolonged drop in their value below the acquisition cost.

Net reversals of impairment charges through profit or loss totaled €49 million in 2013 compared to €31 million in 2012.

At December 31, 2013, the acquisition value of impaired stocks was €3.823 billion and the corresponding impairment provision was €2.098 billion. Their market value was €1.725 billion.

III.3.2.6 - Private equity

The private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option.

The portfolios comprise around 500 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

	12/31/2013	12/31/2012
Number of listed investment lines	35	33
Number of unlisted, active investment lines	387	416
Revalued proprietary portfolio (€m)	1,894	1,769
Managed funds (€m)	363	676
Number of managed funds	47	48

Source: Risk Management.

III.3.3 - Market risk

III.3.3.1 - General structure

CM-CIC Marchés combines all the capital market activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).

These entities are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's balance sheet), commercial, and fixed income, equity and credit products (recognized on CIC's balance sheet).

III.3.3.1.1 - Refinancing

A dedicated treasury management team is responsible for refinancing all the activities of the CM11-CIC Group. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including Crédit Mutuel-CIC Home Loan SFH.

The products concerned consist mainly of monetary or bond instruments and futures used to hedge interest rates and exchange rates.

In addition to the pure refinancing positions, this business line also has a portfolio of securities classified as available-for-sale, which are held mainly for use in the event of a liquidity crisis.

III.3.3.1.2 - Sales

The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. A dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") aims to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The business also involves the sale of investment products such as Libre Arbitre and Stork (resulting directly from the expertise of the Fixed Income, Equity and Credit products business line), which are aimed at institutional, corporate and retail customers of CM-CIC's various networks.

III.3.3.1.3 - Fixed Income/Equity/Credit

This business line is organized around desks specialized in investments in equities/hybrid instruments, spreads and fixed income products. These activities mainly involve purchases and sales of financial securities acquired with the intention of holding them for a long period of time, as well as trading in related financial instruments. These activities are called upon to create value in a disciplined risk environment, to drive commercial development and to provide expertise or services to other Group entities.

III.3.3.2 - Internal control structures

In 2013, the internal control function continued to improve its organization and monitoring methodologies. It continued to refine its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3 regulatory changes, in particular stressed VaR and IRC (Incremental Risk Charge) as well as risk measurement in VaR/stress-tests, as part of the "market risk internal model" project, and regulatory risk measurement (CAD and European Capital Adequacy under Basel 2.5 standards).

The year 2013 featured a follow-up of the recommendations issued by the French Prudential Supervision and Resolution Authority (L'Autorité de Contrôle Prudentiel et de Résolution – ACPR) following its general review of the Fixed Income-Equity-Credit business line.

All methodologies are formalized in a "body of rules". Regular updates throughout the year include the introduction of new products and the improvement of the monitoring of risk measurement, with a complete formal validation at least once a year.

Capital market activities are organized as follows:

- they are under the responsibility of a member of Executive Management;
- the front-office units that execute transactions are segregated from those responsible for monitoring risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the Group's risk division, which compiles management reports summarizing risk exposures and has the Boards of Directors of CIC and BFCM validate the level of capital allocated/consumed;
- the permanent controls system is based on first-level controls performed by three control teams:
    - the risks and results team validates production, monitors results on a daily basis and ensures compliance with limits,
    - a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,
    - a CM-CIC Marchés team covering legal compliance is responsible for first-level legal issues;
- second-level controls are organized around:
    - capital markets business lines' permanent controls function (CPMM), which reports to the permanent control department, supervises first-level permanent controls carried out by CM-CIC Marchés and conducts its own direct controls on activities,
    - CIC's lending department, which monitors at-risk loans for each counterparty group,
    - CIC's legal and tax department, which works with the CM-CIC Marchés legal team,
    - CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
- the CM11-CIC Group's periodic controls team, which uses a team of specialist auditors to carry out periodic controls and compliance checks in respect of capital market activities.

A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of CM-CIC Marchés (in France and in the branches) in relation to the limits prescribed by the Boards of Directors of CIC and BFCM. It is chaired by the member of Executive Management in charge of CM-CIC Marchés and comprises the Chief Operating Officer of CIC and BFCM, the front office, post-market, back office and accounting and regulatory control managers, and the manager of the risk department and the Group permanent control department. It approves the operational limits established in connection with the general limits set by the Boards of Directors of CIC and BFCM, which are regularly informed of the risks and results of these activities. The market risk committee also approves the general principles of the "market risk internal model".

III.3.3.3 Risk management*

The system used to set exposure limits for market risk is based on:

- an overall limit for regulatory capital (CAD/European capital adequacy), broken down by desk, and for VaR;
- internal rules and scenarios (CAD risks, historical VaR and stress tests), which convert exposures into potential losses.

The limits system covers various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk for each activity.

If the overall limit and/or the limit assigned to each business line is exceeded, the Group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored based on first-level indicators such as sensitivity to various market risk factors (mainly for traders), and second-level indicators such as potential losses, to provide decision-makers with an accessible overview of capital markets exposures.

The capital allocated for the Fixed Income, Equity and Credit and commercial business lines, which had remained stable from 2010 to 2012, was reduced in 2013. VaR amounted to €4.1 million at the end of 2013.

For 2014, the limits set for these activities have been kept at the same levels as in 2013. In addition, the Group has put in place the calculation of a capital allocation for the credit valuation adjustment (CVA) charge.

The capital consumed by the RMBS business conducted in the New York branch continued to decrease in line with the amortization and sale of the portfolio securities managed on a run-off basis. Trading activities are maintained within reduced limits under the supervision of CM-CIC Marchés.

CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate alert level, each as defined by management and approved by the Boards of Directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal risks of CM-CIC Marches are as follows:

- *Refinancing*:
BFCM's market risks mainly relate to the liquidity portfolio. Such risks are calculated based on the CAD and European Capital Adequacy requirement. In 2013, the overall CAD risk consumption rose from €80 million to €87 million, with a peak of €104 million. This change was attributable to an increase in CAD in respect of General Interest Rate Risk, partly offset by a drop in European Capital Adequacy requirements (as a result of the maturing of banking portfolio transactions).

- *Hybrid instruments*:
CAD risk consumption, which remained stable throughout the year, averaged €58 million in 2013. Convertible bonds amounts outstanding decreased to €1.7 billion at the end of the year, from €2.1 billion at the end of 2012.

- *Credit*:
These positions correspond to either securities/CDS arbitrage or to credit correlation positions (Itraxx/CDX tranches) or asset-backed securities. On the credit arbitrage portfolio, CAD risk consumption averaged around €29 million and ended the year at €34.6 million following the liquidation of CDS/Itraxx. On the ABS portfolio, CAD risk consumption started the year at €107.3 million before falling to €44 million in June and ending the year at €46.4 million. This decrease reflected careful management of risks on peripheral countries throughout the year and a reduction in positions on these countries. With respect to the credit correlation activities, based exclusively on Itraxx/CDX tranches, CAD risk consumption stayed at around €10 million throughout the year before rising to €16.3 million at the end of 2013.

- M&A *and miscellaneous actions*:
CAD risk consumption was €25 million on average in 2013 and ended the year at €17.9 million. This fall followed the trend in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €155 million in December 2013 compared with €166 million at the end of 2012.

- Fixed income:
The positions relate to directional and yield-curve arbitrage, typically with underlying government securities, mostly European. Positions on peripheral countries are very limited. The position on Italy was reduced by 35% to around €2 billion in 2012 and remained at this level in 2013, with the bulk of this outstanding amount maturing in September 2014. The total amount of government securities decreased from €5.8 billion at the end of 2012 to €4.5 billion at the end of 2013, of which €2.1 billion were French state securities.

III.3.3.4 - Credit derivatives

These products are used by CM-CIC Marchés and are recognized in its trading portfolio.
Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the Lending Committees and Capital Markets Risk Committees.

III.3.4 - European capital adequacy ratio*

Under Article 4.1 of CRBF regulation 2000-03, the following subsidiaries are exempt from monitoring on an individual or sub-consolidated basis: BFCM, Crédit Mutuel - CIC Home Loan SFH and CIC Iberbanco. The other regulated entities are subject to monitoring on an individual or sub-consolidated basis.

The information on the CM11-CIC group's solvency ratio risks is presented in the chapter "Information on Basel II pillar 3".

III.3.5 - Operational risk*

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel-CIC Group has implemented a comprehensive operational risk management system under the responsibility of senior management. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.

The Group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risk, disaster recovery plans and insurance taken out to cover these risks.

The system used to measure and monitor operational risk is based on a common platform applied throughout the Crédit Mutuel-CIC Group using an approach for identifying and modeling risks so as to calculate the level of capital required to be held in respect of operational risk.

Since January 1, 2010, Crédit Mutuel-CIC has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk. This authorization has been extended to Banque de Luxembourg with effect from September 30, 2013.

Since June 30, 2012, the Group has also had authorization to deduct expected losses from its capital adequacy requirement and to take into account insurance, for the consolidated group excluding the foreign subsidiaries, Cofidis and Banque Casino.

III.3.5.1 - Main objectives

The operational risk management policy set up by the Group is designed:

- to contribute to the group's effective management by controlling risks and the associated costs;
- from a human resources perspective, to protect staff, develop responsibility, autonomy and control, and capitalize on expertise group-wide;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities, develop a reliable system of internal control (CRBF 97.02), optimize business continuity plans (BCP) for essential activities and adapt financial reporting (Pillar 3 of Basel II).

III.3.5.2 - Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure by deploying of a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy. It is coordinated by the regional operational risk manager.

III.3.5.3 - Measurement and control procedure

For modeling purposes, the Group relies mainly on a national database of internal losses, based on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.
Risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the Operational Risk Technical Committee. Capital adequacy requirements are calculated at the national level and then distributed regionally.

Operational risk mitigation techniques include:
- preventive actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of business continuity plans, logistics and IT solutions for all mission-critical operations in order to limit the severity of any incident in the event of a crisis.

A consistent crisis management process, linked to the system for interbank operations, covers crisis communication and the three phases of disaster recovery plans: emergency, business continuity and back-on-track plans.

III.3.5.4 - Reporting and general oversight

The Group monitors the application of the operational risk management policy and risk profile using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of risk-reduction and financing measures. The Group's executive and governance bodies are regularly provided with information on this risk data, including the requirements of CRBF 97-02.

III.3.5.5 - Documentation and procedures

The Group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:
- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, and of the national function, the frequency and recipients of reports, the scope for the monitoring of Group entities, and the methodology for the consolidation of subsidiaries;
- collection of loss data: procedures laying down the rules for collecting information and controlling internal losses;
- measurement system: procedures concerning, in particular, probabilistic modeling and modeling based on the work of experts, the rules for gathering Key Risk Indicators (KRI), the basis for the allocation of capital adequacy requirements and COREP reports.

III.3.5.6 - Disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the Group to limit any losses resulting from operational risk.

"Disaster recovery plan guidelines", which are the Crédit Mutuel-CIC Group reference document in this field, may be consulted by all teams concerned and are applied at the level of the regional groups.

Plans are classified into two categories:
- business-specific disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional disaster recovery plans relate to activities that constitute business support services (logistics, HR and IT issues).

Plans can be divided into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;
- back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

III.3.5.7 - Crisis management and its organization

Crisis management procedures at the Group and regional levels cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track.

These procedures are based on:

- a Crisis Committee, chaired by the CEO of the bank at the regional level or by the Group CEO at the national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team's work is implementing a disaster recovery plan until the situation returns to normal.

III.3.5.8 - Insurance deducted from equity

Financial operational risk programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:

- insuring severe or major risks that can be insured, and developing self-insurance for the Group for amounts lower than deductibles and for intra-group risks;
- insuring frequency risks when justified or self-insuring them through provisions in the operating account;
- severe non-insurable risks and the non-insured balance are covered by prudential equity reserves;
- major risks arising from interbank exchange and payment systems are covered by liquidity reserves funds set up and allocated by the system.

The Group is insured against damage to property and has overall insurance for banking risks, fraud, and professional third-party liability, which it intends to use in order to reduce regulatory equity consumption for operational risks.

III.3.5.9 - Training

Each year, the Group provides operational risk training for its network managers, internal auditors and the operational staff responsible for monitoring these risks.

III.3.5.10 - CM11-CIC Group's operational risk loss experience

In 2013, the CM11-CIC Group suffered total operational losses of €95.3 million, including €83.4 million of actual losses and €11.9 million of net reversals of provisions in respect of prior-year losses.
This total breaks down as follows:

- fraud: €59.9 million;
- labor relations: €3.2 million.
- human/procedural error: €16.1 million;
- legal risk: €11.7 million; and
- natural disasters and system malfunctions: €4.4 million.

III.3.6 - Other risks

III.3.6.1 - Legal risks

Legal risks are incorporated into operational risks and concern, among other things, exposure to fines, penalties and damages attributable to faults by the business in respect of its operations.

III.3.6.2 - Industrial and environmental risks

Industrial and environmental risks are included in operational risks and are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution, etc.), their impact on the business and means of prevention and protection to be put in place, notably crisis management and disaster recovery plans.

III.4 - Consolidated financial statements

Consolidated statement of financial position (IFRS) - Assets

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Cash and amounts due from central banks	20,268	10,411	4a
Financial assets at fair value through profit or loss	42,358	44,329	5a, 5c
Hedging derivative instruments	2,767	1,342	6a, 5c, 6c
Available-for-sale financial assets	87,998	72,064	7a, 5c
Loans and receivables due from credit institutions	39,583	53,924	4a
Loans and receivables due from customers	275,860	269,411	8a
Remeasurement adjustment on interest-risk hedged investments	562	852	6b
Held-to-maturity financial assets	12,000	13,718	9
Current tax assets	1,322	1,405	13a
Deferred tax assets	1,062	1,162	13b
Accruals and other assets	14,457	19,124	14a
Non-current assets held for sale	4	1	
Deferred profit sharing	0	0	
Investments in associates	2,163	2,057	15
Investment property	1,649	1,229	16
Property and equipment	2,895	2,921	17a
Intangible assets	1,056	1,044	17b
Goodwill	4,251	4,233	18
Total assets	**510,256**	**499,227**	

Consolidated statement of financial position (IFRS) - Liabilities and shareholders' equity

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Due to central banks	460	343	4b
Financial liabilities at fair value through profit or loss	30,880	31,539	5b, 5c
Hedging derivative instruments	3,811	2,789	6a, 5c, 6c
Due to credit institutions	19,067	28,885	4b
Due to customers	229,311	216,503	8b
Debt securities	98,156	93,919	18
Remeasurement adjustment on interest-risk hedged investments	-2,342	-3,451	6b
Current tax liabilities	580	674	13a
Deferred tax liabilities	939	885	13b
Accruals and other liabilities	12,842	16,284	14b
Liabilities associated with non-current assets held for sale	0	0	
Technical reserves of insurance companies	77,039	72,712	20
Provisions	2,009	2,002	21
Subordinated debt	5,505	6,375	22
Shareholders' equity	**31,997**	**29,767**	
. Shareholders' equity attributable to the Group	**29,561**	**27,326**	
- Subscribed capital and issue premiums	5,759	5,808	23a
- Consolidated reserves	21,081	19,627	23a
- Gains and losses recognized directly in equity	710	269	23b
- Net income for the year	2,011	1,622	
. Shareholders' equity attributable to minority interests	**2,436**	**2,441**	
Total liabilities and shareholders' equity	**510,256**	**499,227**	

CONSOLIDATED INCOME STATEMENT (IFRS)

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Interest income	16,917	18,634	25
Interest expense	-10,745	-13,700	25
Fee and commission income	3,738	3,500	26
Fee and commission expense	-902	-874	26
Net gain (loss) on financial instruments at fair value through profit or loss	-178	898	27
Net gain (loss) on available-for-sale financial assets	344	251	28
Income from other activities	14,464	12,534	29
Expenses on other activities	-11,661	-9,781	29
Net banking income	**11,977**	**11,462**	
Operating expenses	-6,924	-6,837	30a, 30b
Depreciation, amortization and impairment of non-current assets	-507	-504	30c
Gross operating income	**4,546**	**4,121**	
Net additions to/reversals from provisions for loan losses	-1,112	-1,081	31
Operating income	**3,434**	**3,040**	
Share of net income (loss) of associates	-5	-149	15
Gains (losses) on other assets	7	16	32
Change in value of goodwill	0	-27	33
Net income before tax	**3,436**	**2,880**	
Corporate income tax	-1,222	-1,057	34
Net income	**2,214**	**1,823**	
Net income attributable to minority interests	203	201	
Net income attributable to the Group	**2,011**	**1,622**	

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

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Net income	**2,214**	**1,823**	
Translation adjustments	-10	2	
Remeasurement of available-for-sale financial assets	392	1,476	
Remeasurement of hedging derivative instruments	75	6	
Share of unrealized or deferred gains and losses of associates	19	-17	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**475**	**1,467**	
- Actuarial gains and losses on defined benefit plans	8	-101	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**8**	**-101**	23c, 23d
Net income and gains and losses recognized directly in shareholders' equity	**2,697**	**3,189**	
attributable to the Group	*2,453*	*2,881*	
attributable to minority interests	*244*	*308*	

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions	Capital stock	Issue premiums	Reserves(1)	Gains and losses recognized directly in equity				Net income attributable to the Group	Shareholders' equity attributable to the Group	Minority interests	Total consolidated shareholders' equity
				Translation adjustments	Available-for-sale assets	Hedging derivative instruments	Actuarial gains and losses				
Shareholders' equity at December 31, 2011, as published	**5,596**	**0**	**17,878**		**-883**	**-105**		**1,623**	**24,109**	**2,385**	**26,494**
Restatements related to change in accounting method		0	73	-6	47	23	-66	37	108	-3	105
Shareholders' equity at December 31, 2011, restated(2)	**5,596**	**0**	**17,951**	**-6**	**-836**	**-82**	**-66**	**1,660**	**24,217**	**2,382**	**26,599**
Appropriation of earnings from previous year			1,660					-1,660			
Capital increase	98								98		98
Distribution of dividends			-192						-192	-92	-284
Change in investments in subsidiaries not resulting in loss of control	114		208						322	-157	165
Sub-total: movements arising from shareholder relations	**212**		**1,676**					**-1,660**	**228**	**-249**	**-21**
Consolidated net income for the year								1,622	1,622	200	1,822
Change in fair value of available-for-sale financial assets					1,350	2			1,352	113	1,465
Change in actuarial gains and losses							-97		-97	-4	-101
Translation adjustments				4					4	-2	2
Sub-total				**4**	**1,350**	**2**	**-97**	**1,622**	**2,881**	**307**	**3,188**
Impact of acquisitions and disposals on minority interests											
Other movements	0	0	0						0	1	1
Shareholders' equity at December 31, 2012	**5,808**		**19,627**	**-2**	**514**	**-80**	**-163**	**1,622**	**27,326**	**2,441**	**29,767**
Appropriation of earnings from previous year			1,622					-1,622			
Capital increase	-49								-49		-49
Distribution of dividends			-158						-158	-103	-261
Change in investments in subsidiaries not resulting in loss of control			-10						-10	-108	-118
Sub-total: movements arising from shareholder relations	**-49**		**1,455**					**-1,622**	**-216**	**-211**	**-428**
Consolidated net income for the year								2,011	2,011	203	2,214
Change in fair value of available-for-sale financial assets					400	39			438	28	466
Change in actuarial gains and losses							7		7		7
Translation adjustments				-20					-20		-20
Sub-total				**-20**	**400**	**39**	**7**	**2,011**	**2,437**	**231**	**2,667**
Impact of acquisitions and disposals on minority interests			-1						-1		-1
Other movements(3)	0	0	0		0	16			16	-24	-8
Shareholders' equity at December 31, 2013	**5,759**	**0**	**21,081**	**-22**	**913**	**-25**	**-156**	**2,011**	**29,561**	**2,436**	**31,997**

(1) Reserves as of December 31, 2013 include the legal reserve of €230 million, regulatory reserves for a total of €3,456 million and other reserves amounting to €17,395 million.

(2) Adjusted to include the impact of IAS19-R.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2013	2012
Net income	2,214	1,823
Corporate income tax	1,222	1,057
Income before corporate income tax	**3,436**	**2,880**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	499	509
- Impairment of goodwill and other non-current assets	24	16
+/- Net additions to/reversals from provisions and impairment losses	4,333	-386
+/- Share of net income/loss of associates	-52	88
+/- Net loss/gain from investing activities	-2	260
+/- Income/expense from financing activities	0	0
+/- Other movements	2,434	-1,126
= Total non-monetary items included in income before tax and other adjustments	**7,237**	**-638**
+/- Cash flows relating to interbank transactions	-5,512	-8,282
+/- Cash flows relating to customer transactions	4,922	11,694
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-15,548	888
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	1,016	4,315
- Corporate income tax paid	-1,185	-774
= Net decrease/increase in assets and liabilities from operating activities	**-16,307**	**7,842**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**-5,634**	**10,084**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	-36	4,617
+/- Cash flows relating to investment property	-451	-344
+/- Cash flows relating to property, equipment and intangible assets	-526	-423
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-1,013**	**3,850**
+/- Cash flows relating to transactions with shareholders	-310	-186
+/- Other cash flows relating to financing activities	5,603	4,465
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**5,293**	**4,279**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**-146**	**-7**
Net increase (decrease) in cash and cash equivalents	**-1,500**	**18,205**
Net cash flows from (used in) operating activities	-5,634	10,084
Net cash flows from (used in) investing activities	-1,013	3,850
Net cash flows from (used in) financing activities	5,293	4,279
Impact of movements in exchange rates on cash and cash equivalents	-146	-7
Cash and cash equivalents at beginning of year	21,663	3,458
Cash accounts and accounts with central banks and post office banks	10,068	6,025
Demand loans and deposits - credit institutions	11,595	-2,566
Cash and cash equivalents at end of year	20,164	21,663
Cash accounts and accounts with central banks and post office banks	19,808	10,068
Demand loans and deposits - credit institutions	356	11,595
CHANGE IN CASH AND CASH EQUIVALENTS	**-1,500**	**18,205**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Accounting principles and methods

1.1 *Accounting reference framework*

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2013 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2013. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The summary statements are presented in accordance with ANC recommendation 2013-04.

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

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

IAS 19R on employee benefits has been applied early as from January 1, 2012.

New standards applied since January 1, 2013:

	Mandatory application date (years beginning from)	Consequences of application
Amendment IAS 1 – Presentation of items of other comprehensive income	1/1/2013	Limited
Amendment IFRS 7 – Offsetting of financial assets and financial liabilities	1/1/2013	Limited
Amendment – Annual Improvements to International Financial Reporting Standards (IFRS)	1/1/2013	Limited
Amendment to IAS 12 (May 2012) – Income Taxes – Deferred Tax: Recovery of Underlying Assets	1/1/2013	Limited
IFRS 13 – Fair value measurement, in particular relating to the valuation of derivatives taking into account counterparty's credit risk and own credit risk (CVA and DVA)	1/1/2013	Limited

Standards and interpretations adopted by the European Union and not yet applied:

	Mandatory application date (years beginning from)	Consequences of application
Amendment IAS 32 - Offsetting of financial assets and financial liabilities	1/1/2014	Limited
IFRS 10-11-12 - IAS 28 - Standards relating to the consolidation and financial information of non-consolidated entities	1/1/2014	Limited

1.2 *Scope and basis of consolidation*

Consolidating entity

The Crédit Mutuel CM11 Group (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou) is a mutual group and member of a central body, in accordance with Articles L.511-30 et seq of the French Monetary and Financial Code. Crédit Mutuel's local Caisses, fully owned by their member shareholders, are at the base of the Group, in line with an "inverted pyramid" capital control structure.

To effectively reflect the common interests of our members during consolidation, the consolidating entity is defined with a view to reflecting the shared links in terms of operations, financial solidarity and governance.

Within this framework, the consolidating entity at the head of the Group is made up of the companies placed under the same collective accreditation for banking activities, granted by the French Credit Institutions and Investment Firms Committee (CECEI).

In this way, the consolidating entity comprises:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), Fédération du Crédit Mutuel du Sud-Est (FCMSE), Fédération du Crédit Mutuel Ile-de-France (FCMIDF), Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), Fédération du Crédit Mutuel Midi-Atlantique (FCMMA), Fédération du Crédit Mutuel Loire Atlantique Centre Ouest (FCMLACO), Fédération du Crédit Mutuel du Centre (FCMC), Fédération du Crédit Mutuel de Normandie (FCMN), Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV), Fédération du Crédit Mutuel Méditerranée (FCMM) and Fédération du Crédit Mutuel d'Anjou (FCMA). As the policy bodies for the Groups, they determine their main policy guidelines, decide on their strategies and organize the representation of the Caisses.
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Ile-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire Atlantique Centre Ouest (CRCMLACO), Caisse Régionale du Crédit Mutuel du Centre (CRCMC), Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV), Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM) and Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA). Serving the local Caisses, the Caisse Fédérale de Crédit Mutuel is responsible for the network's common services, ensures its coordination and manages the Group's logistics. It centralizes the funds held on deposit by the Caisses, while at the same time refinancing them and allocating funds on their behalf as required by the regulations (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.).
- The Crédit Mutuel Caisses that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM and FCMA: these constitute the foundations of the Group's banking network

The analysis of the consolidating entity's control is compliant with IAS 27, making it possible to prepare the consolidated accounts in accordance with IFRS.

Scope of consolidation

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

The consolidation scope comprises:

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

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

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

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

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

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

- **Changes in the consolidation scope**

The changes in the consolidation scope as at December 31, 2013 were as follows:

- ***Additions:*** CM-CIC Proximité (private equity); SCI Eurosic Cotentin (other activities).
- ***Merger/absorption:*** TUP France EST with BFCM; TUP Promopresse with Le Dauphiné Libéré.
- ***Removals:*** Est Imprimerie, Inter'Print, Imprimerie Michel, SCI Gutenberg, SDV Plurimédia and Alternative Gestion SA.
- ***Change of name:*** Dubly-Douilhet changed its name to Dubly-Douilhet Gestion.

Consolidation methods

The consolidation methods used are as follows:

- **Full consolidation**

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

- **Proportionate consolidation**

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

- **Consolidation using the equity method**

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

Closing date

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

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.
Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euro at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.
As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Goodwill

- **Measurement differences**

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

- **Acquisition goodwill**

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

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

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies.
Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R.

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

Non-controlling interests

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

1.3 Accounting principles and methods

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

- The valuation at fair value of certain liabilities issued by the company and not included in the trading book.
- The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.
- The Group used the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

1.3.1 Loans & receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the Group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.
The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option). A loan restructured due to financial difficulties encountered by the debtor is considered a new contract.

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

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

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

- Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is

equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.
Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.
Impairment charges and provisions are recorded in net additions to provisions for loan losses. Reversals of impairment charges and provisions are recorded in net reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under "provisions" in liabilities for financing and guarantee commitments.
Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

- Collective impairment of loans

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

1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.
A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
An operating lease is a lease other than a finance lease.

- Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-Group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.
In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

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

- Finance leases – lessee accounting

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

1.3.4 Acquired securities

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

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

- *Classification*

Financial instruments at fair value through profit or loss comprise:

1) financial instruments held for trading purposes, consisting mainly of instruments that:
    a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
    b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
    c. represent derivatives not classified as hedges.

2) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39. This option is designed to help entities produce more relevant information, by enabling:
    a. certain hybrid instruments to be measured at fair value without separating the embedded derivatives, provided that the embedded derivative has a material impact on the value of the instrument;
    b. a significant reduction in accounting mismatches between certain assets and liabilities, which arise in particular when a hedging relationship (interest rate, credit) cannot be established;
    c. the management or monitoring of the performance of a group of financial assets and/or liabilities in accordance with a documented risk management or investment strategy on a fair value basis.

This Group used this option mainly in connection with the insurance business's unit-linked contracts in line with the treatment for liabilities, as well as the securities held in the private equity portfolio and certain debt securities with embedded derivatives.

- *Basis for recognition and measurement of related income and expenses*

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

- *Fair value or market value*

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market operators as at the valuation date. The fair value of an instrument upon initial recognition is generally its transaction price.
If the instrument is traded on an active market, the best estimate of fair value is the quoted price.
The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.
When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.
A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.
If the market for a financial instrument is not active, fair value is established using a valuation technique.
Derivatives are revalued based on available observable market data such as yield curves, to which the bid/ask price is then applied.
When no observable data is available or when adjustments in market prices require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, including the adjustments linked to risks that would be integrated by the market. In particular, these valuation adjustments enable the integration of risks that are not captured by the model: liquidity risks associated with the instrument or parameter in question; specific risk premiums intended to compensate

for additional costs that an active management strategy associated with the model would involve under certain market conditions; and counterparty risk present in the positive fair value of OTC derivatives.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting. A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

- ***Criteria for classification and rules of transfer***

Market conditions may cause the Crédit Mutuel Group to review the investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39.

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

a- *"Financial assets held to maturity"*, only in rare cases, if the management intention has changed, and provided that they fulfill the eligibility conditions for this category;
b- *"Loans and receivables"* in the event of a change in management intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;
c- "*Available for sale*" only in rare cases.

The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

- Available-for-sale financial assets

- *Classification*

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

- *Basis for recognition and measurement of related income and expenses*

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

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

- *Impairment of available-for-sale debt instruments*

Impairment losses are recognized in "Net additions to/reversals from provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Impairment of available-for-sale equity instruments*

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

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 36 consecutive months implies impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

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

- *Criteria for classification and rules of transfer*

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

- Into “Held-to-maturity financial assets” in the event of a change in the management intention, and provided that they fulfill the eligibility conditions of this category;
- Into “Loans and receivables” in the event of a change in the management intention, the ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;

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

In the event of a transfer of instruments with a fixed maturity from “Available-for-sale financial assets” to the “Held-to-maturity financial assets” or “Loans and receivables” categories, the unrealized gains and losses previously deferred in equity are amortized over the remaining life of the asset.

Held-to-maturity financial assets

- *Classification*

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

- *Basis for recognition and measurement of related income and expenses*

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

- *Impairment*

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

- *Criteria for classification and rules of transfer*

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.
Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39.
Furthermore, disposals or transfers of securities in this portfolio are very restricted given the provisions laid down in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

Fair value hierarchy of financial instruments

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

- Level 1: prices quoted on active markets for identical assets or liabilities. For capital market activities, this concerns debt securities that are quoted by at least four contributors and derivatives quoted on an organized market.
- Level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices); Level 2 concerns in particular interest rate swaps whose fair value is generally calculated using yield curves based on the market interest rates observed at the accounting date;
- level 3: data relating to the asset or liability that are not based on observable market data (non-observable data). Given the diversity and volume of the instruments, the sensitivity of the fair value to changes in parameters would not be material. This category comprises mainly investments in non-consolidated companies and the private equity business line.

- Derivatives and hedge accounting

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

A derivative is a financial instrument:

- whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the "underlying";
- which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;
- which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.
Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in "Net gain/(loss) on financial instruments at fair value through profit or loss".
Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as "fair value hedges" or "cash flow hedges", as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, corresponds to the definition of a derivative. In particular, it has the effect of inducing changes in some of the cash flows of the combined instrument in a similar way to that of a standalone derivative.
Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following three conditions:

- it corresponds to the definition of a derivative;
- the hybrid instrument is not measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

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

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.
There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.
The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the balance sheet date. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products and/or by extrapolating quoted values. All these parameters are based on

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

- *Hedge accounting*

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues.
At the inception of the hedge, the Group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.
Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.
The ineffective portion of the hedge is recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss".
Interest rate risk is the only risk covered by a fair value hedging relationship.

Fair value hedging instruments
The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item "Interest income, interest expense and equivalent – Hedging derivative instruments", symmetrically to the interest income or expenses relating to the hedged item.
In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item "Net gain (loss) on financial instruments at fair value through profit or loss" symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.
The hedge must be considered as "highly effective" to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item's fair value or cash flows. The ratio between those two changes must lie within the range of 80% and 125%.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged

item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments – interest rate risk
The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios. This method is applied by the group for the majority of interest-rate hedges put in place by the asset/liability management department.
For each portfolio of assets or liabilities, the bank checks, by pillar and at each reporting date, that there is no excess hedging.
The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.
Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called “Remeasurement adjustment on investments hedged against interest rate risk”, the counterpart being an income statement line item.

Cash flow hedging instruments
The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios. This method is applied by the group. This method is applied by the group for the majority of interest-rate hedges put in place by the asset/liability management department. For each portfolio of assets or liabilities, the bank checks, by pillar and at each reporting date, that there is no excess hedging.
The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.
Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called “Remeasurement adjustment on investments hedged against interest rate risk”, the counterpart being an income statement line item.

1.3.5 Debt represented by a security

Debts evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for at their issue value, in most cases minus the transaction costs.
These debt securities are subsequently measured at amortized cost using the effective interest method.
Some “structured” debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably.
The host contract is recognized at amortized cost at a later stage. Its fair value is determined based on quoted market prices or valuation models.

1.3.6 Subordinated debt

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

1.3.7 Distinction between Debt and Shareholders’ equity

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

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

1.3.8 Other provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.
A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:

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

1.3.9 Amounts due to customers and credit institutions

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

- Regulated savings contracts

The “comptes épargne logement” (CEL – home savings accounts) and “plans épargne logement” (PEL – home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential housing loan in a second stage. They generate two types of commitments for the distributing institution:

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

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

1.3.10 Cash and cash equivalents

Cash and cash equivalents comprise the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.
In the statement of cash flows, UCITS are classified as an “operational activity” and therefore do not need to be reclassified under cash.

1.3.11 Employee benefits

Employee benefits are accounted for in accordance with IAS 19R, which has been applied early. The new provisions result in the following:

- for defined benefit post-employment benefits, the immediate recognition of actuarial variances as unrealized or deferred gains or losses in equity and the immediate recognition of plan changes through profit or loss, the application to the plan’s assets of the discount rate used for the debt and more detailed information provided in the notes;
- for short-term benefits, a new definition for benefits expected to be paid in full within the 12 months following the end of the year in which the related services were rendered (and no longer “payable within the 12 months…”).

Social obligations are subject, where relevant, to a provision reported under the line item “Provisions”. A change in this item is recognized in the income statement under the “Employee expense” heading, except for the portion resulting from actuarial variances, which is recognized as unrealized or deferred gains or losses in equity.

- Defined benefit post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.
These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

- The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end;
- The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features;
- The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities;
- Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end;
- The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67;
- Mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.
Actuarial variances are recognized as unrealized or deferred gains or losses in equity. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

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

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

- Post-employment benefits covered by defined contribution plans

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

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

- Long-term benefits

These are benefits to be paid, other than post-employment benefits and termination benefits, which are expected to be paid more than 12 months after the end of the period during which the employee rendered the related service, for example long service awards, time savings accounts, etc.
The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial losses are taken to the income statement as and when they arise.
Obligations in respect of long service awards are sometimes covered by insurance policies. A provision is established only for the uncovered part of these obligations.

- Employee supplementary retirement plans

Employees of the Crédit Mutuel CM11 and CIC Groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Vie SA.
Employees of the CM11 Group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire. The total amount of the obligation was €915 million at December 31, 2013, covered by special technical reserves amounting to €808 million, additional special technical reserves amounting to €54 million and €53 million of mathematical reserves for defined benefit plans recognized on the liabilities side of the ACM Vie SA statement of financial position for all the beneficiaries.
In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The total amount of the obligation at December 31, 2013 was €406 million, covered by technical reserves of €378 million and additional special technical reserves of €28 million for defined benefit plans recognized on the liabilities side of the ACM Vie SA statement of financial position.

- Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than 12 months after the reporting date.

- Short-term benefits

These are benefits which are expected to be paid within the 12 months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.
An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

1.3.12 Insurance

The accounting principles and valuation rules applied for the assets and liabilities generated by the issuance of insurance policies have been drawn up in accordance with IFRS 4. This also applies to reinsurance policies, whether issued or subscribed, and to financial contracts including a discretionary profit-sharing clause.

The other assets held and liabilities issued by insurance companies follow the rules common to all of the Group's assets and liabilities.

- Assets

Financial assets, investment properties and fixed assets follow the accounting methods described elsewhere.

However, financial assets representing technical provisions related to unit-linked contracts are shown under the line item “Financial assets at fair value through profit or loss”.

- Liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are shown under the line item “Technical reserves of insurance policies”. They are measured, accounted for and consolidated in accordance with French accounting standards.

Technical reserves of life insurance policies consist mainly of mathematical reserves, which generally correspond to the surrender value of the policies. The risks covered mainly include death, disability and incapacity for work (for borrower’s insurance).

Technical reserves of unit-linked contracts are measured, on the reporting date, based on the realizable value of the assets underlying these contracts.

Reserves of non-life insurance policies correspond to unearned premiums (portion of premiums issued related to subsequent years) and claims payable.

Insurance policies that have a discretionary profit-sharing clause are subject to “shadow accounting”. The resulting provision for deferred profit-sharing represents the share of capital gains and losses accruing to policyholders. These provisions for deferred profit-sharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.

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

- Income statement

Income and expenses recognized for the insurance policies issued by the Group are shown under the “Income from other activities” and “Expenses on other activities” line items.

Income and expenses pertaining to the proprietary trading activities of the insurance entities are recognized under the line items related to them.

1.3.13 Property and equipment and intangible assets

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

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

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the components approach for property used in operations and investment property.

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

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

Depreciation and amortization of assets used in operations is recognized in "Depreciation, amortization and impairment of non-current assets" in the income statement.

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

The depreciation and amortization periods are:

<u>Property and equipment:</u>	
- Land, fixtures, utility services:	15-30 years
- Buildings – structural work:	20-80 years (depending on the type of building)
- Construction – equipment:	10-40 years
- Fixtures and installations:	5-15 years
- Office equipment and furniture:	5-10 years
- Safety equipment:	3-10 years
- Rolling stock:	3-5 years
- Computer equipment:	3-5 years
<u>Intangible fixed assets:</u>	
- Software bought or developed in-house:	1-10 years
- Businesses acquired:	9-10 years (if acquisition of customer contract portfolio)

Depreciable and amortizable assets are tested for impairment when there is evidence at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.
If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. The impairment loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in "Depreciation, amortization and impairment of non-current assets".

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

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gain/ (loss) on disposals of other assets".
Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

The fair value of investment property is disclosed in the notes to the financial statements. It is based on a valuation of the buildings by reference to market prices, performed by independent experts – (Level 2).

1.3.14 Corporate income tax

This item includes all current or deferred income taxes. Current income tax is calculated based on applicable tax regulations.

- Deferred tax

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.
Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

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

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.
They are not discounted.

1.3.15 Interest paid by the French Government on some loans

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

The structure of the offset mechanism is reviewed by the government on a periodic basis.
The contribution received from the government is recorded in the "Interest and similar income" line and spread over the life of the corresponding loans, pursuant to IAS 20.

1.3.16 Financial guarantees and financing commitments given

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

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

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

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

1.3.17 Foreign exchange transactions

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

- Monetary financial assets and liabilities

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

- Non-monetary financial assets and liabilities

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

instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" if they are classified as available-for-sale.
When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

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

1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within 12 months of the end of the reporting period.
The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/amortized.

When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.
Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Net gain/(loss) on discontinued operations and assets held for sale".

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

The preparation of the financial statements may require the use of assumptions and estimates that have a material impact on income and expenses and of assets and liabilities in the statement of financial position and notes to the financial statements.

In that case, management uses its judgment and experience to apply readily available information at the time of preparation of the financial statements in order to arrive at the necessary estimates. This applies in particular to:
- the impairment of debt and equity instruments;
- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible fixed assets;
- measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

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

The Group's activities are as follows:
• Retail banking brings together the Crédit Mutuel CM11 bank network, CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banco Popular Espanol, Banque Marocaine du Commerce Exterieur, Banque de Tunisie and all specialist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.
• The Insurance business line comprises the Assurances du Crédit Mutuel Group.
• Financing and capital markets covers:
a) financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;
b) capital markets activities in general, spanning customer and own account transactions involving interest rate instruments, foreign exchange and equities, including brokerage services.
• Private banking encompasses all companies specializing in this area, both in France and internationally.
• Private equity, conducted for the Group's own account, and financial engineering make up a business unit.
• Logistics and holding company services include all activities that cannot be attributed to another business line (holding) and units that provide solely logistical support : intermediate holding companies, as well as specific entities holding real estate used for operations and IT entities.
Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position items are subject to an analytical distribution. The breakdown of the statement of financial position items is done in the same way.

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

Dec. 31, 2013	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	7,463	0	4,121	1,325	0	7,359	20,268
Financial assets at fair value through profit or loss	385	12,639	27,273	97	1,903	60	42,358
Hedging derivative instruments	1,517	0	909	4	0	337	2,767
Available-for-sale financial assets	1,090	55,715	27,794	2,772	12	615	87,998
Loans and receivables due from credit institutions	26,036	133	11,943	1,439	6	27	39,583
Loans and receivables due from customers	254,233	316	12,667	8,554	1	88	275,860
Held-to-maturity financial assets	55	11,262	76	20	0	588	12,000
Investments in associates	1,399	247	0	0	0	517	2,163
LIABILITIES							
Cash, central banks, post office banks	0	0	0	460	0	0	460
Financial liabilities at fair value through profit or loss	243	3,595	26,922	121	0	0	30,880
Hedging derivative instruments	1,228	0	2,292	241	0	50	3,811
Due to credit institutions	0	0	19,066	0	0	0	19,067
Due to customers	196,430	93	12,082	15,752	1	4,954	229,312
Debt securities	32,158	0	65,979	19	0	0	98,156

Dec. 31, 2012	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	2,963	0	5,592	750	0	1,106	10,411
Financial assets at fair value through profit or loss	529	14,179	27,446	142	1,784	249	44,329
Hedging derivative instruments	760	0	158	4	0	420	1,342
Available-for-sale financial assets	919	50,231	16,956	3,385	19	554	72,064
Loans and receivables due from credit institutions	26,601	225	14,895	2,573	6	9,624	53,924
Loans and receivables due from customers	247,329	283	14,196	7,529	0	73	269,411
Held-to-maturity financial assets	64	12,813	251	2	0	588	13,718
Investments in associates	1,269	308	0	0	0	480	2,057
LIABILITIES							
Cash, central banks, post office banks	0	0	0	343	0	0	343
Financial liabilities at fair value through profit or loss	537	4,920	25,886	196	0	0	31,539
Hedging derivative instruments	313	0	1,977	399	0	100	2,789
Due to credit institutions	0	0	28,885	0	0	0	28,885
Due to customers	186,985	86	7,216	15,753	0	6,463	216,503
Debt securities	33,143	0	60,755	21	0	0	93,919

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

Dec. 31, 2013	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	9,311	1,440	826	444	119	436	-600	11,977
General operating expenses	-5,721	-411	-273	-329	-34	-1,263	600	-7,431
Gross operating income	3,590	1,028	554	115	85	-826	0	4,546
Net additions to/reversals from provisions for loan losses	-1,020	0	-44	-8	0	-41		-1,112
Net gain (loss) on disposal of other assets	55	-28	0	0	0	-25		2
Net income before tax	2,625	1,000	509	108	85	-892		3,436
Corporate income tax	-881	-372	-182	-38	0	250		-1,222
Net income (loss)	**1,743**	**628**	**328**	**70**	**86**	**-642**	**0**	**2,214**
Net income attributable to minority interests								203
Net income attributable to the Group								**2,011**

Dec. 31, 2012	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	8,782	1,412	927	463	100	370	-593	11,462
General operating expenses	-5,713	-356	-288	-334	-34	-1,209	593	-7,341
Gross operating income	3,070	1,056	639	129	66	-839	0	4,121
Net additions to/reversals from provisions for loan losses*	-878	0	-85	-29	0	-90		-1,082
Net gain (loss) on disposal of other assets	-81	-41	-1	6	0	-44		-160
Net income before tax	2,111	1,015	554	107	66	-972		2,880
Corporate income tax	-750	-412	-193	-27	2	323		-1,057
Net income (loss)	**1,361**	**603**	**361**	**79**	**67**	**-649**	**0**	**1,823**
Net income attributable to minority interests								201
Net income attributable to the Group								**1,622**

** The disposal in the first half of 2012 of securities received in exchange for securities issued by the Greek government, contributed to the bond swap under the PSI (private sector involvement) plan, generated a negative impact of €30 million on this item, including -€34 million for the logistics and holding company business and +€4 million for the capital markets business.*

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

	Dec. 31, 2013				Dec. 31, 2012			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
ASSETS								
Cash, central banks, post office banks	13,195	2,951	4,122	20,268	2,411	2,407	5,593	10,411
Financial assets at fair value through profit or loss	40,575	522	1,260	42,358	42,376	941	1,011	44,329
Hedging derivative instruments	2,757	4	5	2,767	1,329	4	9	1,342
Available-for-sale financial assets	82,606	4,880	512	87,998	66,479	4,905	680	72,064
Loans and receivables due from credit institutions	36,132	2,238	1,212	39,583	49,359	3,191	1,375	53,924
Loans and receivables due from customers	248,862	23,824	3,174	275,860	243,935	22,290	3,186	269,411
Held-to-maturity financial assets	11,981	20	0	12,000	13,716	2	0	13,718
Investments in associates	840	764	559	2,163	797	710	550	2,057
LIABILITIES								
Cash, central banks, post office banks	0	460	0	460	0	343	0	343
Financial liabilities at fair value through profit or loss	30,194	554	133	30,880	31,131	224	184	31,539
Hedging derivative instruments	3,543	242	27	3,811	2,342	401	45	2,789
Due to credit institutions	8,992	5,375	4,700	19,067	14,538	7,657	6,691	28,885
Due to customers	202,302	26,323	686	229,311	190,891	24,910	703	216,503
Debt securities	92,109	1,638	4,410	98,156	89,473	510	3,937	93,919

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2013				Dec. 31, 2012			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income (expense)**	9,830	1,966	181	11,977	9,497	1,792	173	11,462
General operating expenses	-6,006	-1,346	-79	-7,431	-6,003	-1,266	-72	-7,341
Gross operating income	3,824	621	102	4,546	3,494	526	101	4,121
Net additions to/reversals from provisions for loan losses	-821	-290	-2	-1,112	-676	-360	-46	-1,081
Net gain (loss) on disposal of other assets***	-12	5	9	2	-23	-107	-30	-160
Net income before tax	2,991	335	109	3,436	2,795	60	25	2,880
Net income	1,871	266	77	2,214	1,813	17	-8	1,823
Net income attributable to the Group	1,717	217	77	2,011	1,658	-34	-2	1,622

** USA, Singapore, Tunisia and Morocco.*

*** In 2013, 21% of net banking income (excluding the logistics and holding business line) came from foreign operations.*

**** Including net income of associates and impairment losses on goodwill.*

NOTE 3 - Scope of consolidation

Pursuant to the opinion issued by the Banking Commission, the Group's parent company comprises the companies included in the scope of globalization. It is made up of the following entities:
- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE),
- Fédération du Crédit Mutuel du Sud-Est (FCMSE),
- Fédération du Crédit Mutuel d'Ile-de-France (FCMIDF),
- Fédération du Crédit Mutuel de Savoie-Mont Blanc (FCMSMB),
- Fédération du Crédit Mutuel Midi-Atlantique (FCMMA),
- Fédération du Crédit Mutuel Loire-Atlantique Centre Ouest (FCMLACO),
- Fédération du Crédit Mutuel Centre (FCMC),
- Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV),
- Fédération du Crédit Mutuel Méditerranée (FCMM),
- Fédération du Crédit Mutuel Normandie (FCMN),
- Fédération du Crédit Mutuel Anjou (FCMA),
- Caisse Fédérale de Crédit Mutuel (CF de CM),
- Caisse Régionale du Crédit Mutuel Sud-Est (CRCMSE),
- Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF),
- Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CRCMSMB),
- Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA),
- Caisse Régionale du Crédit Loire-Atlantique Centre Ouest (CRCMLACO),
- Caisse Régionale du Crédit Mutuel Centre (CRCMC),
- Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV),
- Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM),
- Caisse Régionale du Crédit Mutuel Normandie (CRCMN),
- Caisse Régionale du Crédit Mutuel Anjou (CRMA),
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Centre Est Europe,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Sud-Est,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Ile-de-France,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel de Savoie-Mont Blanc,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Midi-Atlantique,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Loire-Atlantique Centre Ouest,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Centre,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Dauphiné-Vivarais,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Méditerranée,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Normandie,
- the Caisses de Crédit Mutuel in the Fédération du Crédit Mutuel Anjou.

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network							
Banque du Crédit Mutuel Ile-de-France (BCMI)	France	100	99	FC	100	99	FC
Banque Européenne du Crédit Mutuel (BECM)	France	100	99	FC	100	99	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	94	FC	100	93	FC
CIC Iberbanco	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	94	FC	100	93	FC
CIC Nord-Ouest	France	100	94	FC	100	93	FC
CIC Ouest	France	100	94	FC	100	93	FC
CIC Sud Ouest	France	100	94	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	France	94	94	FC	94	93	FC
Targobank AG & Co. KGaA	Germany	100	99	FC	100	99	FC
Targobank Spain	Spain	50	50	PC	50	50	PC
B. Banking network - subsidiaries							
Banca Popolare di Milano	Italy	7	7	EM	7	7	EM
Bancas	France	50	50	PC	50	50	PC
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banque de Tunisie	Tunisia	34	33	EM	20	20	EM
Banque du Groupe Casino	France	50	50	PC	50	50	PC
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	99	FC	100	99	FC
Banque Marocaine du Commerce Extérieur (BMCE)	Morocco	26	26	EM	26	26	EM
Caisse Centrale du Crédit Mutuel	France	53	53	EM	53	53	EM
Cartes et crédits à la consommation	France	100	99	FC	100	99	FC
CM-CIC Asset Management	France	90	92	FC	90	92	FC
CM-CIC Bail	France	100	94	FC	100	93	FC
CM-CIC Epargne salariale	France	100	94	FC	100	93	FC
CM-CIC Factor	France	95	92	FC	95	92	FC
CM-CIC Gestion	France	100	92	FC	100	93	FC
CM-CIC Home Loan SFH	France	100	99	FC	100	99	FC
CM-CIC Lease	France	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	Belgium	100	94	FC	100	93	FC
CM-CIC Leasing GmbH	Germany	100	94	FC	100	93	FC
Cofidis Argentina	Argentina	66	36	FC	66	28	FC
Cofidis Belgium	Belgium	100	54	FC	100	42	FC
Cofidis France	France	100	54	FC	100	42	FC
Cofidis Italy	Italy	100	54	FC	100	42	FC
Cofidis Czech Republic	Czech Republic	100	54	FC	100	42	FC
Cofidis Slovakia	Slovakia	100	54	FC	100	42	FC
Creatis	France	100	54	FC	100	42	FC
FCT CM-CIC Home loans	France	100	99	FC	100	99	FC
Monabanq	France	100	54	FC	100	42	FC
Saint-Pierre SNC	France	100	94	FC	100	93	FC
SCI La Tréflière	France	100	100	FC	100	100	FC
Sofim	France	100	94	FC	100	93	FC
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France	100	54	FC	100	97	FC
Targo Dienstleistungs GmbH	Germany	100	99	FC	100	99	FC
Targo Finanzberatung GmbH	Germany	100	99	FC	100	99	FC
C. Financing and capital markets							
Banque Fédérative du Crédit Mutuel	France	99	99	FC	99	99	FC
Cigogne Management	Luxembourg	100	96	FC	100	96	FC
CM-CIC Securities	France	100	94	FC	100	93	FC
Diversified Debt Securities SICAV - SIF	Luxembourg	100	94	FC	100	93	FC
Divhold	Luxembourg	100	94	FC	100	93	FC
Lafayette CLO 1 LtD	Cayman Islands	100	94	FC	100	93	FC
Ventadour Investissement	France	100	99	FC	100	99	FC

	Country	Dec. 31, 2013 Percent control	Dec. 31, 2013 Percent interest	Dec. 31, 2013 Method *	Dec. 31, 2012 Percent control	Dec. 31, 2012 Percent interest	Dec. 31, 2012 Method *
D. Private banking							
Agefor SA Genève	Switzerland	70	65	FC	70	65	FC
Alternative gestion SA Genève	Switzerland			NC	45	58	EM
Banque de Luxembourg	Luxembourg	100	94	FC	100	93	FC
Banque Pasche	Switzerland	100	94	FC	100	93	FC
Banque Pasche (Liechtenstein) AG	Liechtenstein	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	Monaco	100	94	FC	100	93	FC
Banque Transatlantique	France	100	94	FC	100	93	FC
Banque Transatlantique Belgium	Belgium	100	94	FC	100	92	FC
Banque Transatlantique Luxembourg	Luxembourg	100	94	FC	100	93	FC
Banque Transatlantique Singapore Private Ltd	Singapore	100	94	FC	100	93	FC
Calypso Management Company	Cayman Islands	70	65	FC	70	65	FC
CIC Switzerland	Switzerland	100	94	FC	100	93	FC
Dubly-Douilhet Gestion	France	100	94	FC	63	58	FC
LRM Advisory SA	Bahamas	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	Bahamas	100	94	FC	100	93	FC
Pasche Finance SA Fribourg	Switzerland	100	94	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil	97	91	FC	50	47	FC
Serficom Family Office Inc	Bahamas	100	94	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil	100	94	FC	52	49	FC
Serficom Family Office SA	Switzerland	100	94	FC	100	93	FC
Transatlantique Gestion	France	100	94	FC	100	93	FC
Valeroso Management				NC	100	93	FC
E. Private equity							
CM-CIC Capital Finance	France	100	94	FC	100	93	FC
CM-CIC Capital Innovation	France	100	93	FC	100	93	FC
CM-CIC Conseil	France	100	94	FC	100	93	FC
CM-CIC Investissement	France	100	93	FC	100	93	FC
CM-CIC Proximité	France	100	94	FC			NC
Sudinnova	France	66	62	FC	66	62	FC
F. Logistics and holding company services							
Actimut	France	100	100	FC	100	100	FC
Adepi	France	100	94	FC	100	93	FC
Carmen Holding Investissement	France	100	99	FC	84	83	FC
CIC Migrations	France	100	94	FC	100	93	FC
CIC Participations	France	100	94	FC	100	93	FC
Cicor	France	100	94	FC	100	93	FC
Cicoval	France	100	94	FC	100	93	FC
CM Akquisitions	Germany	100	99	FC	100	99	FC
CM-CIC Services	France	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	59	62	FC	59	62	FC
Cofidis Participations	France	55	54	FC	51	42	FC
Est Bourgogne Rhone Alpes (EBRA)	France	100	99	FC	100	99	FC
Efsa	France	100	94	FC	100	93	FC
Euro-Information	France	80	79	FC	80	79	FC
Euro-Information Développement	France	100	79	FC	100	79	FC
EIP	France	100	100	FC	100	100	FC
EI Telecom	France	95	75	FC	95	75	FC
Euro Protection Surveillance	France	100	84	FC	100	84	FC
France Est	France			MER	100	97	FC
Gesteurop	France	100	94	FC	100	93	FC
Gestunion 2	France	100	94	FC	100	93	FC
Gestunion 3	France	100	94	FC	100	93	FC
Gestunion 4	France	100	94	FC	100	93	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	99	FC	100	99	FC
Impex Finance	France	100	94	FC	100	93	FC
L'Est Républicain	France	92	91	FC	92	91	FC
Marsovalor	France	100	94	FC	100	93	FC
Pargestion 2	France	100	94	FC	100	93	FC
Pargestion 4	France	100	94	FC	100	93	FC
Placinvest	France	100	93	FC	100	93	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	France	100	100	FC	100	100	FC
Société de Presse Investissement (SPI)	France	100	99	FC	100	90	FC
Société Française d'Edition de Journaux et d'Imprimés Commerciaux "l'Alsace" (SFEJIC)	France	99	98	FC	99	98	FC
Sofiholding 2	France	100	94	FC	100	93	FC
Sofiholding 3	France	100	94	FC	100	93	FC
Sofiholding 4	France	100	94	FC	100	93	FC
Sofinaction	France	100	94	FC	100	93	FC
Targo Akademie GmbH	Germany	100	99	FC	100	99	FC
Targo Deutschland GmbH	Germany	100	99	FC	100	99	FC
Targo IT Consulting GmbH	Germany	100	99	FC	100	99	FC
Targo Management AG	Germany	100	99	FC	100	99	FC
Targo Realty Services GmbH	Germany	100	99	FC	100	99	FC
Ufigestion 2	France	100	94	FC	100	93	FC
Ugépar Service	France	100	94	FC	100	93	FC
Valimar 2	France	100	94	FC	100	93	FC
Valimar 4	France	100	94	FC	100	93	FC
VTP 1	France	100	94	FC	100	93	FC
VTP 5	France	100	94	FC	100	93	FC

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
G. Insurance companies							
ACM GIE	France	100	86	FC	100	86	FC
ACM IARD	France	96	83	FC	96	83	FC
ACM Nord IARD	France	49	42	EM	49	42	EM
ACM RE	Luxembourg	100	86	FC	100	86	FC
ACM Services	France	100	86	FC	100	86	FC
ACM Vie	France	100	86	FC	100	86	FC
ACM Vie, Société d'Assurance Mutuelle	France	100	100	FC	100	100	FC
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	73	72	FC	60	60	FC
Agrupació Bankpyme Pensiones	Spain	73	72	FC	60	60	FC
Agrupació Serveis Administratius	Spain	73	72	FC	60	60	FC
AMSYR	Spain	73	72	FC	60	60	FC
AMDIF	Spain	73	72	FC	60	60	FC
Assistencia Avançada Barcelona	Spain	73	72	FC	60	60	FC
Astree	Tunisia	30	26	EM	30	26	EM
Groupe des Assurances du Crédit Mutuel (GACM)	France	88	86	FC	88	86	FC
ICM Life	Luxembourg	100	86	FC	100	86	FC
Immobilière ACM	France	100	86	FC	100	86	FC
MTRL	France	100	100	FC	100	100	FC
Partners	Belgium	100	86	FC	100	86	FC
Procourtage	France	100	86	FC	100	86	FC
RMA Watanya	Morocco	22	19	EM	22	19	EM
Serenis Assurances	France	100	86	FC	100	86	FC
Serenis Vie	France	100	86	FC	100	86	FC
Royal Automobile Club de Catalogne	Spain	49	42	EM	49	42	EM
Voy Mediación	Spain	90	76	FC	90	76	FC
H. Other companies							
Affiches D'Alsace Lorraine	France	100	98	FC	100	88	FC
Agence Générale d'informations régionales	France	100	97	FC	100	97	FC
Alsace Média Participation	France	100	98	FC	100	88	FC
Alsacienne de Portage des DNA	France	100	98	FC	100	88	FC
CM-CIC Immobilier	France	100	99	FC	100	99	FC
Les Dernières Nouvelles d'Alsace	France	100	98	FC	99	88	FC
Les Dernières Nouvelles de Colmar	France	100	98	FC	100	88	FC
Distripub	France	100	98	FC	100	98	FC
Documents AP	France	100	99	FC	100	99	FC
Est Bourgogne Médias	France	100	99	FC	100	99	FC
Est Imprimerie	France	0	0	NC	100	99	FC
Foncière Massena	France	100	86	FC	100	86	FC
France Régie	France	100	98	FC	100	88	FC
GEIE Synergie	France	100	54	FC	100	42	FC
Groupe Progrès	France	100	99	FC	100	99	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	99	FC	100	99	FC
Immocity	France	100	99	FC	100	99	FC
Imprimerie Michel	France			NC	100	99	FC
Interprint	France			NC	100	99	FC
Jean Bozzi Communication	France	100	99	FC	100	99	FC
Journal de la Haute Marne	France	50	46	EM	50	45	EM
La Liberté de l'Est	France	97	89	FC	97	88	FC
La Tribune	France	100	99	FC	100	99	FC
L'Alsace	France	100	98	FC	100	98	FC
Le Dauphiné Libéré	France	100	99	FC	100	99	FC
Le Républicain Lorrain	France	100	99	FC	100	99	FC
Les Editions de l'Echiquier	France	100	98	FC	100	98	FC
Lumedia	Luxembourg	50	50	PC	50	50	PC
Massena Property	France	100	86	FC	100	86	FC
Massimob	France	100	83	FC	100	83	FC
Mediaportage	France	100	98	FC	100	98	FC
Presse Diffusion	France	100	99	FC	100	99	FC
Promopresse	France			MER	100	99	FC
Publiprint Dauphiné	France	100	99	FC	100	99	FC
Publiprint Province n°1	France	100	99	FC	100	99	FC
Républicain Lorrain - TV news	France	100	99	FC	100	99	FC
Républicain Lorrain Communication	France	100	99	FC	100	99	FC
Roto Offset Imprimerie	France	100	98	FC	100	98	FC
SCI ACM	France	100	86	FC	100	86	FC
SCI Eurosic Cotentin	France	50	43	EM			
SCI Alsace	France	90	88	FC	90	88	FC
SCI Gutenberg	France			NC	100	99	FC
SCI Le Progrès Confluence	France	100	99	FC	100	99	FC
SDV Plurimédia	France			NC	20	18	EM
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura	France	100	99	FC	100	99	FC

* Method:
FC = full consolidation
PC = proportional consolidation
EM = equity method
NC = not consolidated
MER = merged

Information on geographic locations included in the consolidation scope

Country	Net banking income	Average number of employees
Germany	1,006	6,735
Netherlands Antilles	2	6
Bahamas	3	10
Belgium	125	527
Brazil		2
Spain	269	1,575
United States	129	83
France	9,828	50,407
Hungary	16	138
Cayman Islands	-2	
Italy	23	133
Liechtenstein	5	22
Luxembourg	274	751
Monaco	3	22
Portugal	118	394
Czech Republic	10	108
UK	40	51
Singapore	53	195
Slovakia	0	2
Switzerland	74	355
Total	**11,977**	**61,516**

The group has no sites meeting the criteria stipulated in the decree of October 6, 2009 in the non-cooperative states or territories included in the list established by the order of August 21, 2013.

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2013	Dec. 31, 2012
Cash and amounts due from central banks		
Due from central banks	19,199	9,468
including reserve requirements	2,041	1,940
Cash	1,069	943
TOTAL	**20,268**	**10,411**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts (1)	22,943	24,462
Other current accounts	3,704	2,206
Loans	4,906	19,696
Other receivables	3,215	2,691
Securities not listed in an active market	1,812	2,344
Resale agreements	2,615	1,403
Individually impaired receivables	8	925
Accrued interest	385	477
Impairment provisions	-4	-280
TOTAL	**39,583**	**53,924**

(1) mainly outstanding CDC (Caisse des Dépôts et Consignations) repayments relating to LEP, LDD and Livret bleu passbook savings accounts

4b - Amounts due to credit institutions

	Dec. 31, 2013	Dec. 31, 2012
Due to central banks	460	343
Due to credit institutions		
Other current accounts	1,485	1,302
Borrowings	15,288	25,076
Other debt	1,236	1,694
Resale agreements	992	656
Accrued interest	66	157
TOTAL	**19,528**	**29,228**

NOTE 5 - Financial assets and liabilities

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

	Dec. 31, 2013			Dec. 31, 2012		
	Held for trading	Fair value option	Total	Held for trading	Fair value option	Total
. Securities	10,986	14,901	25,886	15,148	16,325	31,473
- Government securities	1,764	1	1,765	1,644	1	1,645
- Bonds and other fixed-income securities	8,685	2,981	11,666	13,186	2,986	16,173
. Quoted	*8,685*	*2,662*	*11,347*	*13,186*	*2,937*	*16,123*
. Not quoted	*0*	*319*	*319*	*0*	*50*	*50*
- Equities and other variable-income securities	537	11,919	12,456	317	13,338	13,656
. Quoted	*537*	*10,134*	*10,671*	*317*	*11,554*	*11,872*
. Not quoted	*0*	*1,785*	*1,785*	*0*	*1,784*	*1,784*
. Trading derivative instruments	5,900	0	5,900	2,544	0	2,544
. Other financial assets		10,571	10,571		10,311	10,311
including resale agreements		*10,571*	*10,571*		*10,311*	*10,311*
TOTAL	**16,886**	**25,472**	**42,358**	**17,692**	**26,637**	**44,329**

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

	Dec. 31, 2013	Dec. 31, 2012
Financial liabilities held for trading	10,778	7,627
Financial liabilities at fair value by option through profit or loss	20,102	23,912
TOTAL	**30,880**	**31,539**

Financial liabilities held for trading

	Dec. 31, 2013	Dec. 31, 2012
. Short selling of securities	1,810	1,507
- Bonds and other fixed-income securities	1,192	1,048
- Equities and other variable-income securities	617	458
. Trading derivative instruments	8,132	5,611
. Other financial liabilities held for trading	836	509
TOTAL	**10,778**	**7,627**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2013			Dec. 31, 2012		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
. Securities issued	184	184	0	24	24	0
. Interbank liabilities	17,632	17,632	0	23,283	23,281	2
. Due to customers	2,287	2,287	0	604	604	0
TOTAL	**20,102**	**20,103**	**-1**	**23,912**	**23,909**	**3**

Own credit risk is deemed immaterial.

5c - Fair value hierarchy of financial instruments at fair value

Dec. 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	85,505	991	1,503	87,999
- Government and similar securities - AFS	20,937	53	0	20,990
- Bonds and other fixed-income securities - AFS	55,829	860	410	57,099
- Equities and other variable-income securities - AFS	7,569	7	137	7,713
- Investments in non-consolidated companies and other LT investments - AFS	1,010	23	626	1,659
- Investments in associates - AFS	160	48	330	538
Held for trading / Fair value option (FVO)	21,721	18,203	2,434	42,358
- Government and similar securities - Held for trading	1,499	100	165	1,764
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	7,207	1,224	254	8,685
- Bonds and other fixed-income securities - FVO	2,447	165	369	2,981
- Equities and other variable-income securities - Held for trading	531	0	6	537
- Equities and other variable-income securities - FVO	9,997	445	1,477	11,919
- Loans and receivables due from credit institutions - FVO	0	5,505	0	5,505
- Loans and receivables due from customers - FVO	0	5,066	0	5,066
- Derivative instruments and other financial assets - Held for trading	39	5,703	158	5,900
Hedging derivative instruments	0	2,763	4	2,767
Total	**107,226**	**21,962**	**3,936**	**133,124**
Financial liabilities				
Held for trading / Fair value option (FVO)	2,689	28,038	154	30,881
- Due to credit institutions - FVO	0	17,632	0	17,632
- Due to customers - FVO	0	2,287	0	2,287
- Debt securities - FVO	0	184	0	184
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,689	7,946	143	10,778
Hedging derivative instruments	0	3,803	8	3,811
Total	**2,689**	**31,852**	**151**	**34,692**

Dec. 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	70,368	514	1,180	72,062
- Government and similar securities - AFS	11,912	32	0	11,944
- Bonds and other fixed-income securities - AFS	50,787	425	465	51,677
- Equities and other variable-income securities - AFS	6,253	0	159	6,412
- Investments in non-consolidated companies and other LT investments - AFS	930	10	556	1,496
- Investments in associates - AFS	487	47	0	534
Held for trading / Fair value option (FVO)	25,846	16,278	2,204	44,328
- Government and similar securities - Held for trading	1,557	86	1	1,644
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	10,124	2,670	392	13,186
- Bonds and other fixed-income securities - FVO	2,590	392	4	2,986
- Equities and other variable-income securities - Held for trading	307	0	10	317
- Equities and other variable-income securities - FVO	11,228	417	1,693	13,338
- Loans and receivables due from credit institutions - FVO	0	5,802	0	5,802
- Loans and receivables due from customers - FVO	0	4,510	0	4,510
- Derivative instruments and other financial assets - Held for trading	38	2,401	105	2,544
Hedging derivative instruments	0	1,317	25	1,342
Total	**96,214**	**18,109**	**3,410**	**117,733**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,082	29,351	105	31,538
- Due to credit institutions - FVO	0	23,283	0	23,283
- Due to customers - FVO	0	604	0	604
- Debt securities - FVO	0	24	0	24
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,082	5,440	105	7,627
Hedging derivative instruments	0	2,752	37	2,789
Total	**2,082**	**32,103**	**142**	**34,327**

There are three levels of fair value of financial instruments, as defined by IFRS 7:
- Level 1 instruments: measured using stock market prices. In the case of capital markets activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.
- Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital markets activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in Level 3.
- Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

Level 2 and 3 instruments held in the trading portfolio mainly comprise securities deemed to have poor liquidity and derivatives for which at least one of the underlyings is deemed to have poor liquidity.
The uncertainties inherent in measuring all of these instruments result in measurement adjustments reflecting the risk premium taken into account by market operators when setting the price.
These measurement adjustments enable the inclusion, in particular, of risks that would not be built into the model, liquidity risks associated with the instrument or parameter in question, specific risk premiums intended to offset certain additional costs inherent in the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk associated with positive fair values for over-the-counter derivatives. The methods used may change over time. The latter includes proprietary counterparty risk associated with negative fair values for over-the-counter derivatives.

In determining measurement adjustments, each risk factor is considered individually; the diversification effect between different risks, parameters and models is not taken into account. In general, a portfolio approach is used for any given risk factor.

Level 3 details	Jan. 1, 2013	Purchases	Sales	Gains and losses recognized in profit	Other movements	Dec. 31, 2013
- Equities and other variable-income securities - FVO	1,693	193	-181	45	-273	1,477

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2013	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Associated amounts not offset: Financial instruments received in guarantee	Associated amounts not offset: Cash collateral received	Net amount
Financial assets							
Derivatives	8,667	0	8,667	-4,979	0	-1,440	2,248
Resale agreements	13,644	0	13,644	0	-13,519	-34	91
Total	22,312	0	22,312	-4,979	-13,519	-1,475	2,339

Dec. 31, 2013	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Associated amounts not offset: Financial instruments given in guarantee	Associated amounts not offset: Cash collateral paid	Net amount
Financial liabilities							
Derivatives	11,941	0	11,941	-4,922	0	-5,570	1,449
Resale agreements	20,884	0	20,884	0	-20,086	-787	11
Total	**32,825**	**0**	**32,825**	**-4,922**	**-20,086**	**-6,357**	**1,460**

Dec. 31, 2012	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Associated amounts not offset: Financial instruments received in guarantee	Associated amounts not offset: Cash collateral received	Net amount
Financial assets							
Derivatives	3,886	0	3,886	-1,236	0	-524	2,126
Resale agreements	12,509	0	12,509	0	-12,160	-153	195
Total	**16,395**	**0**	**16,395**	**-1,236**	**-12,160**	**-677**	**2,321**

Dec. 31, 2012	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Associated amounts not offset: Financial instruments given in guarantee	Associated amounts not offset: Cash collateral paid	Net amount
Financial liabilities							
Derivatives	8,397	0	8,397	-1,192	0	-5,954	1,252
Resale agreements	24,745	0	24,745	0	-23,963	-679	102
Total	**33,142**	**0**	**33,142**	**-1,192**	**-23,963**	**-6,633**	**1,354**

This information, required pursuant to an amendment to IFRS 7 applicable since January 1, 2013, is intended to improve comparability with disclosures under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS. Pursuant to IAS 32, the Group does not offset carrying amounts, hence the absence of any figures in the second column. The "Effect of offset framework agreements" column shows outstanding amounts on transactions under binding agreements that have not been offset in the financial statements.
The "Financial instruments received/given in guarantee" column comprises the market value of securities exchanged as collateral.
The "Cash collateral received/paid" column includes guarantee deposits received or given in respect of positive or negative market values of financial instruments. They are recognised as "Other assets or liabilities" in the statement of financial position.

NOTE 6 - Hedging

6a - Hedging derivative instruments

	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities	Dec. 31, 2012 Assets	Dec. 31, 2012 Liabilities
. Cash flow hedges	4	11	4	46
. Fair value hedges (change in value recognized through profit or loss)	2,763	3,800	1,338	2,743
TOTAL	2,767	3,811	1,342	2,789

Fair value hedging is the hedging of exposure against a change in the fair value of a financial instrument attributable to a specific risk. The portion attributable to the hedged risk of changes in the fair value of the hedge and of the hedged items is recognized through profit or loss.

6b - Remeasurement adjustment on interest-risk hedged investments

	Fair value Dec. 31, 2013	Fair value Dec. 31, 2012	Change in fair value
Fair value of interest-risk by investment category			
. financial assets	562	852	-290
. financial liabilities	-2,342	-3,451	1,109

6c - Analysis of derivative instruments

	Dec. 31, 2013 Notional	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities	Dec. 31, 2012 Notional	Dec. 31, 2012 Assets	Dec. 31, 2012 Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	225,146	4,472	6,498	285,289	1,740	4,529
Other forward contracts	13,022	5	1	14,796	4	2
Options and conditional transactions	24,631	112	238	23,088	92	266
Foreign exchange derivative instruments						
Swaps	75,932	21	42	81,679	20	71
Other forward contracts	71	341	325	10,881	401	391
Options and conditional transactions	22,393	54	54	16,193	53	52
Derivative instruments other than interest-rate and foreign exchange						
Swaps	13,276	110	180	13,553	75	138
Other forward contracts	1,572	0	0	1,744	0	0
Options and conditional transactions	27,183	785	795	4,550	158	162
Sub-total	**403,226**	**5,900**	**8,132**	**451,773**	**2,544**	**5,611**
Hedging derivative instruments						
Fair value hedges						
Swaps	68,306	2,763	3,800	65,885	1,338	2,743
Options and conditional transactions	4	0	0	4	0	0
Cash flow hedges						
Swaps	217	4	8	165	4	41
Other forward contracts	0	0	3	0	0	5
Sub-total	**68,527**	**2,767**	**3,811**	**66,055**	**1,342**	**2,789**
TOTAL	**471,753**	**8,667**	**11,943**	**517,828**	**3,886**	**8,400**

The IFRS 13 standard, which concerns the fair value measurement, took effect January 1, 2013. Concerning OTC derivatives, it modifies the procedures for evaluating counterparty risk included in their fair value by taking into account the credit value adjustment ("CVA") and the debt value adjustment ("DVA")—which involves taking into account own credit risk—and the funding value adjustment ("FVA")—which corresponds to costs or benefits concerning the financing of certain derivatives not covered by a compensation agreement.

Since the first application of this standard was prospective, its effects on the consolidated financials were recorded in income. The CVA and FVA were -€24 million and -€10 million, respectively, at December 31, 2013. They were -€28 and €0 million at December 31, 2012. The DVA was insignificant.

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2013	Dec. 31, 2012
. Government securities	20,856	11,809
. Bonds and other fixed-income securities	56,990	51,576
- Listed	56,775	50,963
- Unlisted	215	613
. Equities and other variable-income securities	7,713	6,450
- Listed	7,511	6,176
- Unlisted	202	274
. Long-term investments	2,192	1,984
- Investments in non-consolidated companies	1,495	1,332
- Other long-term investments	163	160
- Investments in associates	533	488
- Securities lent	1	4
. Accrued interest	248	246
TOTAL	**87,998**	**72,064**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*141*	*-24*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*862*	*636*
Including impairment of bonds and other fixed-income securities	*-85*	*-94*
Including impairment of equities and other variable-income securities and long-term investments	*-2,098*	*-2,297*

7b - List of main investments in non-consolidated companies

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,488	9,921	255	104
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	313	55,338	5	2
Foncière des Régions	Quoted	< 10%	6,062	14,117	713	59
Veolia Environnement	Quoted	< 5%	9,126	44,612	29,439	530

The figures above (excluding the percentage of interest) relate to 2012

7c - Exposure to sovereign risk

Countries benefiting from aid packages

*Net exposure**	Dec. 31, 2013		Dec. 31, 2012	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss	7			
Available-for-sale financial assets	63	103	63	101
Held-to-maturity financial assets				
TOTAL	**70**	**103**	**63**	**101**

** Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.*

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year	13			
1 to 3 years			13	
3 to 5 years	50			
5 to 10 years	2	95	50	94
> 10 years	5	8		7
Total	**70**	**103**	**63**	**101**

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2013		Dec. 31, 2012	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	248	14	204	39
Available-for-sale financial assets	100	3,370	54	3,472
Held-to-maturity financial assets				
TOTAL	**348**	**3,384**	**258**	**3,511**

Capital markets activities are shown at market value and other activities at par value. Outstandings are shown net of credit default swaps.

Residual contractual maturity	Spain	Italy	Spain	Italy
< 1 year	181	2,225	81	30
1 to 3 years	138	379	118	2,645
3 to 5 years	20	349	29	206
5 to 10 years	0	198	13	382
> 10 years	8	233	16	248
Total	**348**	**3,384**	**258**	**3,511**

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2013	Dec. 31, 2012
Performing loans	262,469	256,784
. Commercial loans	4,924	4,774
. Other customer loans	256,412	251,192
- Home loans	145,644	140,748
- Other loans and receivables, including repurchase agreements	110,767	110,444
. Accrued interest	558	572
. Securities not listed in an active market	576	245
Insurance and reinsurance receivables	196	180
Individually impaired receivables	12,671	11,061
Gross receivables	**275,337**	**268,025**
Individual impairment	-7,877	-6,685
Collective impairment	-676	-577
SUB-TOTAL I	**266,784**	**260,763**
Finance leases (net investment)	9,213	8,778
. Furniture and movable equipment	5,421	5,293
. Real estate	3,444	3,112
. Individually impaired receivables	348	373
Impairment provisions	-137	-130
SUB-TOTAL II	**9,077**	**8,648**
TOTAL	**275,860**	**269,411**
of which non-voting loan stock	*13*	*12*
of which subordinated notes	*21*	*19*

Finance leases with customers

	Dec. 31, 2012	Acquisition	Sale	Other	Dec. 31, 2013
Gross carrying amount	8,778	1,679	-1,256	12	9,213
Impairment of irrecoverable rent	-130	-34	27	0	-137
Net carrying amount	8,648	1,645	-1,229	13	9,077

Maturity analysis of minimum future lease payments receivable under finance leases

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease payments receivable	2,659	4,862	2,012	9,533
Present value of future lease payments	2,505	4,681	2,003	9,189
Unearned finance income	**154**	**181**	**9**	**344**

8b - Amounts due to customers

	Dec. 31, 2013	Dec. 31, 2012
. Regulated savings accounts	93,592	91,836
- demand	66,052	65,611
- term	27,540	26,225
. Accrued interest	39	43
Sub-total	**93,631**	**91,879**
. Current accounts	72,413	63,430
. Term deposits and borrowings	62,201	60,147
. Resale agreements	166	202
. Accrued interest	807	760
. Insurance and reinsurance payables	93	86
Sub-total	**135,680**	**124,625**
TOTAL	**229,311**	**216,503**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2013	Dec. 31, 2012
. Securities	12,015	13,730
- Government securities	0	0
- Bonds and other fixed-income securities	12,015	13,730
. Quoted	11,990	13,685
. Not quoted	25	45
. Accrued interest	1	1
GROSS TOTAL	**12,017**	**13,732**
of which impaired assets	*25*	*25*
Impairment provisions	-16	-14
NET TOTAL	**12,000**	**13,718**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2012	Additions	Reversals	Other(1)	Dec. 31, 2013
Loans and receivables due from credit institutions	-280	0	2	275	-4
Loans and receivables due from customers	-7,392	-1,639	1,513	-1,171	-8,690
Available-for-sale securities	-2,391	-20	232	-4	-2,182
Held-to-maturity securities	-14	-3	0	0	-16
TOTAL	**-10,077**	**-1,662**	**1,747**	**-901**	**-10,893**

(1) Includes - €1,163 million following the reconstitution of provisions fully amortized over more than 5 years in Targobank Germany. The restated total at end-2012 of these provisions was - €11,240 million as opposed to - €10,077 million.
At December 31, 2013, provisions on loans and receivables due from customers totalled €8,690 million (€8,555 million restated at end-2012), of which €676 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €852 million (€887 million at end-2012) and to provisions on commercial receivables and other receivables (including home loans) for €7,010 million (€6,936 million restated at end- 2012).

NOTE 11 - Reclassifications of financial instruments

Pursuant to the revised accounting regulations and in the rare situation of a market that was in total disarray, on July 1, 2008, CIC transferred €18.8 billion of assets from the trading portfolio into the available-for-sale portfolio (€16.1 billion) and into the loans and receivables portfolio (€2.7 billion), and €6.5 billion from the available-for-sale portfolio into the loans and receivables portfolio (€5.9 billion) and the held-to-maturity portfolio (€0.6 billion). No further transfers have been made since that date.

	Dec. 31, 2013		Dec. 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	2,109	2,193	2,929	2,910
AFS portfolio	4,685	4,684	5,489	5,492

	Dec. 31, 2013	Dec. 31, 2012
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	-97	635
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	154	-498
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	19	92

NOTE 12 - Exposures affected by the financial crisis

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

Summary	Carrying amount Dec. 31, 2013	Carrying amount Dec. 31, 2012
RMBS	1,919	2,391
CMBS	558	333
CLO	1,462	943
Other ABS	734	731
CLO hedged by CDS	476	833
Other ABS hedged by CDS	22	25
Liquidity facilities for ABCP programs	303	351
TOTAL	5,474	5,606

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2013	RMBS	CMBS	CLO	Other ABS	Total
Trading	700	498	133	294	1,625
AFS	450	60	520	295	1,325
Loans	769		809	145	1,723
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
France		2		376	379
Spain	106			22	128
United Kingdom	259			55	314
Europe excluding France, Spain and United Kingdom	806	75	1,008	266	2,155
USA	696	481	123	14	1,313
Rest of the world	52		331		383
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
US Agencies	243				243
AAA	619	472	971	492	2,553
AA	208		413	65	687
A	203	19	41	124	387
BBB	89	67	12	27	195
BB	72		17		89
B or below	485			25	510
Not rated	0		8		8
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
Originating 2005 or before	315	362	18	12	707
Originating 2006	303	113	204	10	630
Originating 2007	593	74	409	53	1,129
Originating since 2008	708	10	830	658	2,206
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**

Exposures at December 31, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	921	269	15	505	1,710
AFS	478	64	29	75	646
Loans	992		899	151	2,042
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
France	1	2		519	522
Spain	105			68	173
United Kingdom	244			47	291
Europe excluding France, Spain and United Kingdom	706	64	664	72	1,506
USA	1,232	267	279	25	1,803
Rest of the world	103				103
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
US Agencies	447				447
AAA	546	259	383	462	1,650
AA	239		488	53	780
A	188	10	47	150	395
BBB	66	64	12	19	161
BB	101		14		114
B or below	804			47	851
Not rated					0
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
Originating 2005 or before	400	98		28	526
Originating 2006	508	60	180	45	793
Originating 2007	746	175	418	60	1,399
Originating since 2008	736	0	346	598	1,680
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2013	Dec. 31, 2012
Asset (through income statement)	1,322	1,405
Liability (through income statement)	580	674

13b - Deferred income tax

	Dec. 31, 2013	Dec. 31, 2012
Asset (through income statement)	941	913
Asset (through shareholders' equity)	122	249
Liability (through income statement)	530	518
Liability (through shareholders' equity)	410	367

Breakdown of deferred income tax by major categories

	Dec. 31, 2013		Dec. 31, 2012	
	Assets	Liabilities	Assets	Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	122	410	249	367
- Impairment provisions	530		526	
- Unrealized finance lease reserve		207		144
- Earnings of fiscally transparent (pass-through) companies		0		1
- Remeasurement of financial instruments	681	609	845	100
- Accrued expenses and accrued income	176	59	140	752
- Tax losses (1)(2)	62		63	
- Insurance activities	30	174	28	174
- Other timing differences	44	62	77	115
. Netting	-582	-582	-767	-767
Total deferred tax assets and liabilities	1,062	939	1,162	885

Deferred taxes are calculated using the liability method. For the French entities, the deferred tax rate corresponds to the usual tax rate applicable to each entity concerned (38% or 34.43%) for timing differences reversing in 2014 and 34.43% for subsequent years.
(1) Of which, in respect of the United States: €25 million at December 31, 2013 and €50 million at December 31, 2012.
(2) Tax losses are a source of deferred tax assets to the extent that they have a high probability of recovery.

NOTE 14 - Accruals, other assets and other liabilities

14a - Accruals and other assets

	Dec. 31, 2013	Dec. 31, 2012
Accruals - assets		
Collection accounts	374	318
Currency adjustment accounts	4	84
Accrued income	482	464
Other accruals	3,370	2,774
Sub-total	**4,229**	**3,639**
Other assets		
Securities settlement accounts	109	81
Guarantee deposits paid	6,002	8,070
Miscellaneous receivables	3,658	6,884
Inventories	33	31
Other	72	66
Sub-total	**9,875**	**15,132**
Other insurance assets		
Technical reserves - reinsurers' share	265	269
Other expenses	88	83
Sub-total	**353**	**352**
TOTAL	**14,457**	**19,124**

14b - Accruals and other liabilities

	Dec. 31, 2013	Dec. 31, 2012
Accruals - liabilities		
Accounts unavailable due to collection procedures	130	154
Currency adjustment accounts	188	6
Accrued expenses	1,102	1,034
Deferred income	1,536	1,568
Other accruals	6,333	8,602
Sub-total	**9,290**	**11,364**
Other liabilities		
Securities settlement accounts	114	124
Outstanding amounts payable on securities	100	125
Other payables	3,157	4,503
Sub-total	**3,371**	**4,752**
Other insurance liabilities		
Deposits and guarantees received	182	168
Sub-total	**182**	**168**
TOTAL	**12,842**	**16,284**

NOTE 15 - Investments in associates

Equity value and share of net income (loss) $

		Dec. 31, 2013			Dec. 31, 2012		
		Percent interest	Investment value	Share of net income (loss)	Percent interest	Investment value	Share of net income (loss)
ACM Nord	Unlisted	49.00%	28	6	49.00%	22	6
ASTREE Assurance	Listed	30.00%	16	2	30.00%	17	1
Banca Popolare di Milano(1)	Listed	6.99%	107	-47	6.99%	147	-58
Banco Popular Español	Listed	4.41%	484	16	4.37%	410	-105
Banque de Tunisie	Listed	33.52%	159	12	20.00%	52	6
Banque Marocaine du Commerce Extérieur	Listed	26.21%	940	35	26.21%	923	16
CCCM	Unlisted	52.54%	223	7	52.54%	214	6
RMA Watanya(2)	Unlisted	22.02%	151	-39	22.02%	209	-25
Royal Automobile Club de Catalogne	Unlisted	48.99%	45	4	48.99%	59	4
Other	Unlisted		10	1		3	1
TOTAL			**2,163**	**-5**		**2,057**	**-149**

(1) The share of the loss of Banca Popolare di Milano amounting to €47 million includes a €34 million impairment loss on this investment.

(2) Goodwill relating to RMA of €87 million was written down in the amount of €15 million in 2013.

Financial data published by the major associates

	Total assets	NBI or revenue	Net income (loss)
ACM Nord	165	142	12
ASTREE Insurance(1)(2)	388	109	11
Banca Popolare di Milano(1)	52,475	1,550	-435
Banco Popular Español	147,852	3,707	325
Banque de Tunisie(1)(2)	3,745	161	63
Banque Marocaine du Commerce Extérieur(1)(3)	230,889	9,017	1,579
CCCM	5,421	25	16
RMA Watanya(1)(3)	261,296	4,670	-1,205
Royal Automobile Club de Catalogne	192	123	8

(1) 2012 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams

Banca Popolare di Milano S.C.a.r.l. (BPM) :

Additional impairment of €34 million was recognized in 2013, resulting in an investment value at December 31, 2013 of €107 million on the statement of financial positionn. The Group's share of BPM's net loss (excluding the impairment loss) for the period was €13 million.

As a reminder, the BPM closing share price on the Milan Stock Exchange was 45 euro cents per share at December 31, 2013, representing a stock market value of the Group's investment of €102 million.

Banco Popular Español (BPE)

BPE is consolidated as an associate in light of the significant influence relationship between it and the Group: Crédit Mutuel - CIC is represented on the BPE board of directors, the two groups have a banking joint venture and there are numerous cross-commercial agreements on the Franco-Spanish retail and corporate markets.

The investment's carrying amount reflects the Group's share of BPE's net assets (IFRS) up to its recoverable value, based on its value in use. This is calculated using projected future discounted cash flows distributable to shareholders, taking into account regulatory requirements relating to credit institutions' equity levels. The cash flow discount rate was determined using the long-term interest rate on Spanish government debt, plus a BPE risk premium taking into account the sensitivity of its share price to market risk, calculated by reference to the Ibex 35 index on the Madrid Stock Exchange.

The resulting value in use was €6.2 per BPE share, higher than the total investment value of €484 million recognized in the consolidated financial statements at December 31. Analysis of the sensitivity to the main parameters used in the model, and to the discount rate in particular, indicated that a 50 basis point increase in the rate would result in an 4.5% decrease in the value in use. Similarly, a 1% decrease in the projected results in BPE's business plan would reduce the value in use by 1%. These two sensitivity analyses do not, however, call into question the equity-accounted value recognized in the Group's consolidated financial statements.

As a reminder, the BPE closing share price on the Madrid Stock Exchange was €4.3850 per share at December 31, 2013, representing a stock market value of the Group's investment of €366 million.

NOTE 16 - Investment property

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost	1,463	453	-3	3	1,916
Accumulated depreciation and impairment provisions	-234	-32	1	-3	-267
Net amount	**1,229**	**421**	**-2**	**0**	**1,649**

The fair value of investment property recognized at amortized costs was €2,312 million at December 31, 2013.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost					
Land used in operations	461	11	-1	0	470
Buildings used in operations	4,282	208	-58	0	4,432
Other property and equipment	2,383	264	-222	0	2,424
TOTAL	**7,126**	**483**	**-281**	**0**	**7,327**
Accumulated depreciation and impairment provisions					
Land used in operations	-1	0	0	0	-1
Buildings used in operations	-2,379	-203	43	36	-2,503
Other property and equipment	-1,825	-184	124	-42	-1,927
TOTAL	**-4,205**	**-388**	**168**	**-6**	**-4,431**
Net amount	**2,921**	**95**	**-114**	**-7**	**2,895**
Of which buildings rented under finance lease					
Land used in operations	6				6
Buildings used in operations	79			2	81
Total	**85**	**0**	**0**	**2**	**87**

17b - Intangible assets

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost					
. Internally developed intangible assets	15	1	0	0	16
. Purchased intangible assets	1,826	165	-21	-16	1,954
- software	472	12	-8	0	476
- other	1,353	152	-13	-16	1,477
TOTAL	**1,841**	**166**	**-21**	**-16**	**1,969**
Accumulated amortization and impairment provisions					
. Internally developed intangible assets					
. Purchased intangible assets	-797	-140	16	8	-914
- software	-296	-62	7	-1	-352
- other	-501	-78	8	9	-561
TOTAL	**-797**	**-140**	**16**	**8**	**-914**
Net amount	**1,044**	**25**	**-5**	**-8**	**1,056**

NOTE 18 - Goodwill

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Goodwill, gross	4,415	20	-1	-1	4,433
Impairment provisions	-182		0	0	-182
Goodwill, net	**4,233**	**20**	**-1**	**-1**	**4,251**

Subsidiaries	Goodwill as of Dec. 31, 2012	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2013
Targobank Germany	2763	20				2,783
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	378					378
Targobank Spain	183					183
EI Telecom	78					78
CIC Private Banking - Banque Pasche	55		-1		-1	53
Banque Casino	26					26
CM-CIC Investissement	21					21
Monabanq	17					17
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other	175					175
TOTAL	**4,233**	**20**	**-1**	**0**	**-1**	**4,251**

The cash generating units to which goodwill is assigned are tested annually to ascertain their recoverable value. A goodwill impairment loss is recognized if the recoverable amount is less than the carrying amount.

Recoverable value is calculated using two methods:

. Fair value minus selling costs, which is based on observing valuation multiples on comparable transactions or market parameters used by analysts on similar entities or activities;

. Value in use, which is determined by discounting expected future cash flows.

To calculate value in use, cash flows are based on business plans established by management for a maximum period of five years, then on projected cash flows to infinity based on a long-term growth rate. The long-term growth rate is set at 2% for all European entities, an assumption determined in comparison to the observed very-long-term inflation rate.

The cash flow discount rate is the cost of capital, which is calculated on the basis of a risk-free long-term rate, plus a risk premium determined from observation of the price sensitivity relative to the market for listed assets or by analysis for unlisted

The key sensitivity factors in the recoverable value test based on value in use are the discount rate and anticipated future flow levels. When value in use has been used for impairment testing purposes, the parameters and their sensitivity is as follows:

	Targobank Germany	**Targobank Spain**	**Cofidis**	**RMA Watanya**
	Network bank	Network bank	Consumer credit	Insurance (Morocco)
Capital cost	9.00%	10.50%	9.30%	12.25%
Effect of 50 basis point increase in capital cost	-353	-12	-132	-1
Effect of 1% decrease in future cash flows	-52	-2	-20	-1

Goodwill relating to RMA Watanya was written down in the amount of €27 million in 2012; for other goodwill, the impact through profit or loss of goodwill sensitivity assessments would be limited to €33 million in the worst-case scenarios considered.

NOTE 19 - Debt securities

	Dec. 31, 2013	Dec. 31, 2012
Retail certificates of deposit	831	763
Interbank instruments and money market securities	47,762	49,483
Bonds	48,277	42,447
Accrued interest	1,287	1,227
TOTAL	**98,156**	**93,919**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2013	Dec. 31, 2012
Life	68,442	64,199
Non-life	2,285	2,142
Unit of account	6,101	6,164
Other expenses	211	207
TOTAL	**77,039**	**72,712**
Of which deferred profit-sharing - liability	*6,701*	*5,990*
Reinsurers' share of technical reserves	**265**	**269**
TOTAL - Net technical reserves	**76,774**	**72,443**

NOTE 21 - Provisions

	Dec. 31, 2012	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2013
Provisions for risks	**344**	**105**	**-33**	**-91**	**-10**	**314**
Signature commitments	144	62	-2	-55	2	151
Financing and guarantee commitments	0	1	0	0	0	1
On country risks	16	0	0	0	0	16
Provision for taxes	50	6	-8	-10	1	39
Provisions for claims and litigation	106	26	-21	-20	-12	79
Provision for risks on miscellaneous receivables	28	10	-2	-6	-1	28
Other provisions	**742**	**185**	**-72**	**-53**	**-28**	**774**
Provisions for home savings accounts and plans	65	12	0	0	0	77
Provisions for miscellaneous contingencies	381	103	-60	-37	-21	366
Other provisions (1)	296	70	-12	-16	-7	331
Provision for retirement benefits	**916**	**43**	**-8**	**-12**	**-19**	**920**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	670	28	-2	-4	-9	683
Supplementary retirement benefits	117	5	-5	-6	0	112
Long service awards (other long-term benefits)	103	5	-1	-1	3	108
Sub-total recognized	890	38	-8	-11	-6	903
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls (2)	26	5	0	0	-14	18
Sub-total recognized	26	5	0	0	-14	18
TOTAL	**2,002**	**333**	**-113**	**-156**	**-57**	**2,009**

(1) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €273 million.

(2) The provision for pension fund shortfalls only covers foreign entities.

Assumptions used	2013	2012
Discount rate (1)	3.0%	2.9%
Annual increase in salaries (2)	Minimum 1.4%	Minimum 1.5%

(1) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the Iboxx index.
(2) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movements in provision for retirement bonuses

	Dec. 31, 2012	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2013
						demographic	financial					
Commitments	999	31	0	40	-2	12	-2	-50	0	1	-2	1,029
Non-Group insurance contract and externally managed assets	329	0	11	0	0	0	3	0	4	0	0	346
Provisions	**670**	**31**	**-11**	**40**	**-2**	**12**	**-5**	**-49**	**-4**	**1**	**-2**	**683**

	Dec. 31, 2011	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2012
Commitments	772	37	0	32	21	151	-32	0	26	-7	999
Non-Group insurance contract and externally managed assets	312	0	14	0	0	8	0	-5	0	0	329
Provisions	**460**	**37**	**-14**	**32**	**21**	**143**	**-32**	**5**	**26**	**-7**	**670**

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €62 million / an increase of €70 million in the commitment. The term of the commitments (excluding foreign entities) is 17 years.

Change in the fair value of plan assets

in € thousands	Fair value of assets Dec. 31, 2012	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2013
Fair value of plan assets	718,189	11,675	-1,346	15,037	3,044	46,554	-36,635	0	-2,080	754,436

in € thousands	Fair value of assets Dec. 31, 2011	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2012
Fair value of plan assets	579,780	11,265	24,389	14,024	-4,417	113,159	- 20,011	0	0	718,189

Details of the fair value of plan assets

	Dec. 31, 2013				Dec. 31, 2012			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	75%	19%	0%	4%	77%	19%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	0%	0%
Total	75%	19%	1%	4%	77%	19%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2013	Dec. 31, 2012
Home savings plans		
Contracted less than 10 years ago	12,981	10,732
Contracted more than 10 years ago	7,207	8,423
Total	**20,188**	**19,155**
Amounts outstanding under home savings accounts	**2,962**	**3,027**
Total	**23,150**	**22,181**

Home savings loans	Dec. 31, 2013	Dec. 31, 2012
Balance of home savings loans giving rise to provisions for risks reported in assets	646	794

Provisions for home savings accounts and plans	**Dec. 31, 2012**	**Net additions/ reversals**	**Other movements**	**Dec. 31, 2013**
On home savings accounts	24	10	0	34
On home savings plans	18	8	0	26
On home savings loans	23	(6)	0	17
Total	**65**	**12**	**0**	**77**
Maturity analysis				
Seniority under 10 years	7	0	(7)	0
Contracted more than 10 years ago	11	8	7	26
Total	**18**	**8**	**0**	**26**

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

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

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

The increase in provisions for risks during the fiscal year is mainly due to:
- A change to the behavioral law used for PEL deposits, which now reflects the correlation between PEL account closures (with no loan having been arranged) and interest rates: thus, when market rates are low, PEL account holders are more inclined to maintain their best-remunerated deposits; this would result in an increase in the provision.
- An increase in the CEL provision due to a reduction in CEL loan interest rates resulting from a lower inflation rate: a higher provision is required when the spread widens between CEL loan rates and more traditional housing loan rates.

NOTE 22 - Subordinated debt

	Dec. 31, 2013	Dec. 31, 2012
Subordinated debt	3,971	4,795
Non-voting loan stock	28	29
Perpetual subordinated loan stock	1,462	1,461
Other debt	1	1
Accrued interest	43	89
TOTAL	**5,505**	**6,375**

Main subordinated debt issues

(in € millions)	Type	Issue date	Issue amount	Amount as of Dec. 31, 2013[1]	Rate	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	September 30, 2003	€800m	€791m	5.00	September 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	December 18, 2007	€300m	€300m	5.10	December 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	December 16, 2008	€500m	€500m	6.10	December 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	December 6, 2011	€1,000m	€1,000m	5.30	December 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated note	October 22, 2010	€1,000m	€916m	4.00	October 22, 2020
CIC	Non-voting loan stock	May 28, 1985	€137m	€13m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	December 15, 2004	€750m	€750m	(4)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	February 25, 2005	€250m	€250m	(5)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	April 28, 2005	€404m	€390m	(6)	No fixed maturity

(1) Amounts net of intra-Group balances.
(2) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(3) Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
(4) 10-year CMS ISDA CIC + 10 basis points.
(5) 10-year CMS ISDA + 10 basis points.
(6) Fixed-rate 4.471 until October 28, 2015 and thereafter 3-month Euribor + 185 basis points.

NOTE 23 - Shareholders' equity

23a - Shareholders' equity (excluding unrealized or deferred gains and losses) attributable to the Group

	Dec. 31, 2013	Dec. 31, 2012
. Capital stock and issue premiums	5,759	5,808
- Capital stock	5,759	5,808
- Issue premiums	0	0
. Consolidated reserves	21,081	19,627
- Legal reserve	0	0
- Regulatory and contractual reserves	0	0
- Regulated reserves	7	7
- Translation reserve	0	0
- Other reserves (including effects related to first-time application of standards)	20,972	19,514
- Retained earnings	103	106
. Net income for the year	2,011	1,622
TOTAL	**28,851**	**27,057**

The share capital of Caisses de Crédit Mutuel comprises:
- non-transferable A units,
- tradable B units,
- priority interest P units.

B units may only be subscribed by members with a minimum of one A unit. The articles of association of local Caisses limit subscription to B units by the same member to €50,000 (except in the case of reinvestment of the dividend in B units). Pursuant to the law of September 10, 1947, the capital may be no lower, after restatement of contributions, than one quarter of its highest previous level.
The purchasing system for B units differs according to whether they were subscribed before or after December 31, 1988:
- units subscribed up to December 31, 1988 may be redeemed at the member's request for January 1 each year. Redemption, which is subject to compliance with measures governing a capital decrease, requires a minimum notice period of three months.
- units subscribed from January 1, 1989 may be redeemed at the member's request with a notice period of five years, except in the case of marriage, death or unemployment. These transactions must also comply with measures governing a capital decrease.
The Caisse may, by resolution of the board of directors and with the agreement of the supervisory board, redeem all or some of the units in this category under the same conditions.
Priority interest P units are issued by Caisse Régionale du Crédit Mutuel de Normandie, Caisse Régionale du Crédit Mutuel Midi-Atlantique and by the Caisse de Crédit Mutuel "Cautionnement Mutuel de l'Habitat", a mutual loan guarantee company that has been issuing priority interest share capital units since 1999, with subscription reserved for distributors of secured loans outside the CM11 group.

At December 31, 2013, the capital of the Crédit Mutuel Caisses comprised:
- €182.3 million in A units
- €5,484.5 million in B units
- €91.8 million in P units

23b - Unrealized or deferred gains and losses

	Dec. 31, 2013	Dec. 31, 2012
Unrealized or deferred gains and losses relating to:*		
. Available-for-sale financial assets		
- equities	868	641
- bonds	141	-24
. Hedging derivative instruments (cash flow hedges)	-24	-99
. Actuarial gains and losses	-162	-169
. Translation adjustments	20	30
. Share of unrealized or deferred gains and losses of associates	-33	-53
TOTAL	**809**	**326**
Attributable to the Group	*710*	*269*
Attributable to minority interests	*99*	*57*

** Net of tax.*

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

	Movements 2013	Movements 2012
Translation adjustments		
- Reclassification in income	0	0
- Other movements	-10	2
- Translation adjustment	*-10*	*2*
Remeasurement of available-for-sale financial assets		
- Reclassification in income	38	4
- Other movements	354	1,472
Remeasurement of available-for-sale financial assets	*392*	*1,476*
Remeasurement of hedging derivative instruments		
- Reclassification in income	0	0
- Other movements	75	6
Remeasurement of hedging derivatives	*75*	*6*
- Share of unrealized or deferred gains and losses of associates	19	-17
Share of unrealized or deferred gains and losses of associates	*19*	*-17*
TOTAL - Recyclable gains and losses	***475***	***1,467***
- Remeasurement of non-current assets		
- Actuarial gains and losses on defined benefit plans	8	-101
TOTAL - Non-recyclable gains and losses	**8**	**-101**
Total gains and losses recognized directly in shareholders' equity	**483**	**1,366**

23d - Tax on components of gains and losses recognized directly in equity

	Changes 2013			Changes 2012		
	Gross amount	Corporate income tax	Net amount	Gross amount	Corporate income tax	Net amount
Translation adjustments	-10		-10	2		2
Remeasurement of available-for-sale financial assets	497	-105	392	1,364	112	1476
Remeasurement of hedging derivative instruments	77	-3	75	0	6	6
Actuarial gains and losses on defined benefit plans	9	-1	8	-140	39	-101
Share of unrealized or deferred gains and losses of associates	19		19	-17		-17
Total gains and losses recognized directly in shareholders' equity	**592**	**-109**	**483**	**1209**	**157**	**1366**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2013	Dec. 31, 2012
Financing commitments		
Commitments given to credit institutions	1,581	1,620
Commitments given to customers	50,886	47,882
Guarantee commitments		
Guarantees given on behalf of credit institutions	2,003	1,323
Guarantees given on behalf of customers	15,259	13,800
Commitments on securities		
Other commitments given	309	255
Commitments given by the Insurance business line	498	218

Commitments and guarantees received	Dec. 31, 2013	Dec. 31, 2012
Financing commitments		
Commitments received from credit institutions	11,702	24,313
Commitments received from customers	0	4
Guarantee commitments		
Commitments received from credit institutions	30,820	29,132
Commitments received from customers	8,582	7,327
Commitments on securities		
Other commitments received	116	115
Commitments received by the Insurance business line	3,810	5,611

Securities sold under repurchase agreements	Dec. 31, 2013	Dec. 31, 2012
Amounts received under resale agreements	20,767	24,322
Related liabilities	20,869	24,726

Assets given as collateral for liabilities	Dec. 31, 2013	Dec. 31, 2012
Loaned securities	1	4
Security deposits on market transactions	6,002	8,070
Total	**6,003**	**8,074**

For the purposes of its refinancing activities, the Group enters into repurchase agreements in respect of debt securities and/or equity securities. These agreements result in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the Group is exposed to the non-return of securities.

NOTE 25 - Interest income, interest expense and equivalent

	Dec. 31, 2013		Dec. 31, 2012	
	Income	Expense	Income	Expense
. Credit institutions and central banks	966	-638	1,111	-1,448
. Customers	13,250	-6,026	13,513	-6,611
- of which finance leases and operating leases	2,676	-2,375	2,679	-2,360
. Hedging derivative instruments	1,949	-2,064	2,886	-3,499
. Available-for-sale financial assets	418		735	
. Held-to-maturity financial assets	334		389	
. Debt securities		-1,967		-2,094
. Subordinated debt		-51		-47
TOTAL	**16,917**	**-10,745**	**18,634**	**-13,700**

NOTE 26 - Fees and commissions

	Dec. 31, 2013		Dec. 31, 2012	
	Income	Expense	Income	Expense
Credit institutions	18	-3	17	-3
Customers	1,341	-21	1,130	-18
Securities	723	-47	685	-47
of which funds managed for third parties	*482*		*474*	
Derivative instruments	2	-4	3	-5
Foreign exchange	20	-2	17	-2
Financing and guarantee commitments	52	-24	43	-3
Services provided	1,582	-800	1,605	-796
TOTAL	**3,738**	**-902**	**3,500**	**-874**

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2013	Dec. 31, 2012
Trading derivative instruments	-366	667
Instruments designated under the fair value option[(1)]	132	181
Ineffective portion of hedging instruments	9	8
. Cash flow hedges	0	0
. Fair value hedges	9	7
. Change in fair value of hedged items	-675	-840
. Change in fair value of hedging items	684	848
Foreign exchange gains (losses)	47	43
Total changes in fair value	**-178**	**898**

(1) of which €105 million relating to the Private equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	Dec. 31, 2013			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		231	0	231
. Equities and other variable-income securities	15	19	33	67
. Long-term investments	33	-5	16	44
. Other	0	2	0	2
TOTAL	**47**	**247**	**49**	**344**

	Dec. 31, 2012			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		89	0	89
. Equities and other variable-income securities	7	15	20	42
. Long-term investments	69	43	11	124
. Other	0	-3	0	-4
TOTAL	**76**	**144**	**31**	**251**

NOTE 29 - Other income and expense

	Dec. 31, 2013	Dec. 31, 2012
Income from other activities		
. Insurance contracts	12,841	10,832
. Investment property	2	1
- Reversals of depreciation, amortization and impairment charges	2	0
. Rebilled expenses	74	73
. Other income	1,547	1,628
Sub-total	**14,464**	**12,534**
Expenses on other activities		
. Insurance contracts	-10,779	-8,838
. Investment property	-31	-24
- depreciation, amortization and impairment charges (based on the accounting method selected)	-31	-24
. Other expenses	-852	-919
Sub-total	**-11,661**	**-9,781**
Other income and expense, net	**2,803**	**2,753**

Net income from the Insurance business line

	Dec. 31, 2013	Dec. 31, 2012
Earned premiums	9,632	7,871
Claims and benefits expenses	-6,623	-6,200
Movements in provisions	-4,165	-2,638
Other technical and non-technical income and expense	78	53
Net investment income	3,140	2,907
Total	**2,063**	**1,994**

NOTE 30 - General operating expenses

	Dec. 31, 2013	Dec. 31, 2012
Payroll costs	-4,395	-4,368
Other operating expenses	-3,036	-2,973
TOTAL	**-7,431**	**-7,341**

30 a - Payroll costs

	Dec. 31, 2013	Dec. 31, 2012
Salaries and wages	-2,768	-2,744
Social security contributions[1]	-1,067	-1,115
Employee benefits - short-term	-4	-4
Incentive bonuses and profit-sharing	-220	-209
Payroll taxes	-333	-290
Other expenses	-3	-6
TOTAL	**-4,395**	**-4,368**

(1) The *CICE* tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €40.2 million for fiscal year 2013.

The CICE enabled, in particular, the maintenance of or even an increase in financing for employee training at a level well above the regulatory levels and enhancement of the Group's overall competitiveness, particularly through:
- investment in new technologies such as digital applications (tablets) and videoconferencing systems on portable computers, enabling customers and shareholders to not only remain in closer contact with their account officers but also to achieve energy savings;
- IT developments concerning new telephone-based means of payment;
- research into new services benefiting our merchant customers;
- reductions in the cost of providing services to customers and shareholders in connection with prospecting in new national and international markets.

Number of employees

Average number of employees	Dec. 31, 2013	Dec. 31, 2012
Banking staff	38,981	39,830
Management	22,535	22,299
TOTAL	**61,516**	**62,129**
Analysis by country		
France	50,407	51,142
Rest of the world	11,109	10,987
TOTAL	**61,516**	**62,129**

Includes 294 employees of Targobank Spain and 85 employees of Banque Casino, consolidated using the proportionate method.

	Dec. 31, 2013	Dec. 31, 2012
Number of employees at end of year*	**65,430**	**65,863**

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

30b - Other operating expenses

	Dec. 31, 2013	Dec. 31, 2012
Taxes and duties	-304	-311
External services	-2,139	-2,083
Other miscellaneous expenses (transportation, travel, etc)	-85	-75
TOTAL	**-2,529**	**-2,469**

30c - Depreciation, amortization and impairment of property, equipment and intangible assets

	Dec. 31, 2013	Dec. 31, 2012
Depreciation and amortization	-505	-504
- property and equipment	-390	-397
- intangible assets	-114	-107
Impairment losses	-2	0
- property and equipment	-3	0
- intangible assets	0	0
TOTAL	**-507**	**-504**

NOTE 31 - Net additions to/reversals from provisions for loan losses

Dec. 31, 2013	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	0	30	-1	0	0	29
Customers	-1,535	1,501	-820	-342	115	-1,080
. Finance leases	-5	6	-4	-3	1	-6
. Other customer items	-1,530	1,495	-816	-339	114	-1,075
Sub-total	**-1,535**	**1,531**	**-821**	**-342**	**115**	**-1,051**
Held-to-maturity financial assets	-3	0	0	0	0	-3
Available-for-sale financial assets	-14	3	-12	-39	15	-46
Other	-72	65	-2	-2	0	-12
TOTAL	**-1,624**	**1,600**	**-836**	**-382**	**130**	**-1,112**

Dec. 31, 2012	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-15	38	-3	0	0	20
Customers	-1,480	1,434	-710	-396	131	-1,020
. Finance leases	-5	8	-5	-3	1	-4
. Other customer items	-1,475	1,426	-705	-393	131	-1,016
Sub-total	**-1,495**	**1,472**	**-712**	**-396**	**131**	**-1,000**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets (1)	-10	408	-473	-44	31	-89
Other	-57	67	0	-2	0	8
TOTAL	**-1,563**	**1,947**	**-1,185**	**-442**	**162**	**-1,081**

(1) Including - €30 million arising from the sale of the Greek sovereign securities.

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2013	Dec. 31, 2012
Property, equipment and intangible assets	7	16
. Losses on disposals	-16	-16
. Gains on disposals	23	32
Gain (loss) on consolidated securities sold	0	0
TOTAL	**7**	**16**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2013	Dec. 31, 2012
Impairment of goodwill	0	-27
TOTAL	**0**	**-27**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2013	Dec. 31, 2012
Current taxes	-1,233	-1,047
Deferred taxes	12	-14
Adjustments in respect of prior years	0	4
TOTAL	**-1,222**	**-1,057**

Reconciliation between the corporate income tax expense recognized and the theoretical tax expense

	Dec. 31, 2013	Dec. 31, 2012
Taxable income	3,441	3,029
Theoretical tax rate	38.00%	36.10%
Theoretical tax expense	**-1,307**	**-1,093**
Impact of preferential “SCR” and “SICOMI” rates	32	25
Impact of the reduced rate on long-term capital gains	0	44
Impact of different tax rates paid by foreign subsidiaries	30	4
Permanent differences and other	24	-36
Tax expense	**-1,222**	**-1,057**
Effective tax rate	35.51%	34.91%

NOTE 35 - Fair value hierarchy of financial instruments recognized at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2013 and are obtained by computing estimated discounted future cash flows using a risk-free yield curve. For asset items, the yield curve factors in a credit spread calculated for the CM11-CIC group as a whole, which is revised on a yearly basis.
The financial instruments discussed in this note relate to loans and borrowings. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not discussed in this section.
The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e. the carrying amount.
Certain group entities may also apply assumptions whereby fair value is deemed to equal the carrying amount for those contracts indexed to a floating rate, or whose residual life is one year or less.
We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferable or are not in practice traded before maturity. Accordingly, gains and losses are not recognized.
However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2013.

	Dec. 31, 2013					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**334,177**	**327,444**	**6,733**	**13,464**	**45,937**	**274,777**
Loans and receivables due from credit institutions	36,625	39,583	-2,958	1,011	35,614	0
- Debt securities	1,815	1,812	3	1,011	804	0
- Loans and advances	34,810	37,771	-2,961	0	34,810	0
Loans and receivables due from customers	284,285	275,860	8,424	243	9,265	274,777
- Debt securities	555	576	-21	243	119	193
- Loans and advances	283,730	275,284	8,446	0	9,146	274,584
Held-to-maturity financial assets	13,267	12,000	1,267	12,209	1,058	0
Liabilities	**353,514**	**352,039**	**1,474**	**709**	**201,036**	**151,769**
Due to credit institutions	19,097	19,067	30	0	19,097	0
Due to customers	226,569	229,311	-2,742	0	74,800	151,769
Debt securities	101,472	98,156	3,315	672	100,800	0
Subordinated debt	6,375	5,505	871	37	6,339	0

	Dec. 31, 2012		
	Market value	Carrying amount	Unrealized gains or losses
Assets	**341,677**	**337,053**	**4,624**
Loans and receivables due from credit institutions	51,164	53,924	-2,760
Loans and receivables due from customers	275,877	269,411	6,466
Held-to-maturity financial assets	14,636	13,718	918
Liabilities	**344,793**	**345,683**	**890**
Due to credit institutions	28,988	28,885	-103
Due to customers	212,283	216,503	4,220
Debt securities	96,800	93,919	-2,880
Subordinated debt	6,722	6,375	-346

NOTE 36 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2013			Dec. 31, 2012		
	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale
Assets						
Loans, advances and securities						
Loans and receivables due from credit institutions	1,882	285	4,887	2,007	271	4,737
Loans and receivables due from customers	0	3	32	0	0	36
Securities	8	0	387	12	0	354
Other assets	0	2	155	6	2	35
TOTAL	1,889	290	5,461	2,025	272	5,162
Liabilities						
Deposits						
Due to credit institutions	3,551	2	2,207	3,786	3	867
Due to customers	0	7	2,109	0	4	2,103
Debt securities	70	0	1,359	115	0	1,102
Other liabilities	0	0	87	0	0	207
TOTAL	3,621	9	5,762	3,901	6	4,279
Financing and guarantee commitments						
Financing commitments given	0	162	11	0	76	0
Guarantee commitments given	0	14	472	0	21	60
Financing commitments received	0	0	0	0	0	0
Guarantee commitments received	0	0	380	0	0	282

Income statement items concerning related party transactions

	Dec. 31, 2013 Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Dec. 31, 2012 Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale
Interest received	7	4	97	23	1	89
Interest paid	-16	0	-64	-37	0	-55
Fees and commissions received	0	2	11	0	1	11
Fees and commissions paid	0	0	-5	0	0	-6
Other income (expense)	19	2	-36	26	5	-29
General operating expenses	0	5	-15	0	7	-15
TOTAL	10	14	-12	11	13	-5

Other entities in the Confédération Nationale comprise Crédit Mutuel's regional federations not associated with the CM11-CIC Group.
In the case of companies consolidated using the proportional method (Banque Casino, Bancas and Targobank Spain) the amounts include the portion of intercompany transactions not eliminated on consolidation.

Relationships with the Group's key management

Compensation received by the Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. It may include a fixed and a variable portion. This compensation is set by the deliberative bodies based on proposals from compensation committees of the respective boards of directors. No variable compensation has been paid in the last two years.
The Group's officers and directors may also benefit from the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.
They did not receive any equity securities, warrants or options to purchase shares of entities under Group control. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies or companies outside the Group but on whose board they sit as a result of their functions within the Group.
The Group's officers and directors may also hold assets in or have borrowings from the Group's banks on the same terms and conditions offered to all other employees.

Total compensation paid to key management	*Dec. 31, 2013*	*Dec. 31, 2012*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,514	5,267

At its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance-related condition and representing one year of his compensation as a corporate officer, i.e., a commitment currently estimated at €770,000 (including social contributions).
At its meeting of May 8, 2011, the Board of Directors of BCFM approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his compensation as a corporate officer, i.e., a commitment currently estimated at €1,120,000 (including social contributions). Mr. Alain Fradin is also covered by a supplementary pension plan within the framework of his corporate office, the conditions of which are the same as those that apply to the other employees of BFCM and for which the contributions paid to the insurance company covering this entire commitment amounted to €17,923 in 2013.

NOTE 37 - Events after the reporting period and other information

The consolidated financial statements of the CM11-CIC Group at December 31, 2013 were approved by the Board of Directors at its meeting of February 28, 2014.

NOTE 38 - Exposure to risk

The risk exposure information required by IFRS 7 is included in Section 4 of the management report.

NOTE 39 - Statutory auditors' fees

(in € thousands of euros, excluding VAT)	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Audit								
Statutory audit and contractual audits								
- BFCM	244	178	7%	5%	197	226	3%	3%
- Fully consolidated subsidiaries	2,728	2,731	73%	80%	4,796	4,469	76%	63%
Other assignments and services directly related to the statutory audit[(1)]								
- BFCM	95	45	3%	1%	30	35	0%	0%
- Fully consolidated subsidiaries	647	389	17%	11%	653	398	10%	6%
Sub-total	***3,714***	***3,343***	***99%***	***98%***	***5,676***	***5,127***	***90%***	***72%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	0		0%	0%	85	19	1%	0%
- Other	22	73	1%	2%	556	1,948	9%	27%
Sub-total	***22***	***73***	***1%***	***2%***	***641***	***1,967***	***10%***	***28%***
Total	**3,736**	**3,416**	**100%**	**100%**	**6,317**	**7,094**	**100%**	**100%**

(1) Other assignments and services directly related to the statutory audit essentially consisted of assignments undertaken at the request of the supervisory authority to ensure compliance of the organization and its processes with regulatory requirements.

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to €7,104 thousand for the fiscal year 2013.

III.5 - Report of the Statutory Auditors on the consolidated financial statements of BFCM Group

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

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

Statutory Auditors
Member of the Versailles
regional institute of accountants

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable (Simplified stock company with variable capital)

Statutory Auditors
Member of the Versailles
regional institute of accountants

CM11-CIC GROUP

Year ended December 31, 2013

Statutory Auditors' Report on the Consolidated Financial Statements

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of the CM11-CIC Group;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1.3 and 12 to the consolidated financial statements. We examined the control system applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.
- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1.3 and 7 to the consolidated financial statements). We examined the control system applied to the identification of impairment indicators, the valuation of the most significant items, and the estimates that led, where applicable, to the recognition of impairment provisions to cover losses in value.
- The Group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1.3 and 18 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.
- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1.3, 8a, 10, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment provisions.
- The Group records provisions for employee benefit obligations (Notes 1.3 and 21 to the consolidated financial statements). We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used.

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

III. Specific verification

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

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

Paris-La Défense, April 14, 2014.

The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Arnaud Bourdeille	Olivier Durand

IV. CM11-CIC GROUP - BASEL II PILLAR 3 DISCLOSURE FINANCIAL YEAR 2013

Disclosures published in connection with the transparency required by the French Decree of February 20, 2007 relating to capital requirements

IV.1 - Risk management

IV.1.1 - Risk management policy and procedures

The risk management policy and procedures implemented are described in the section entitled "Risk management".

IV.1.2 - Risk management function's structure and organization

The Group's risk measurement, monitoring and management system is organized around the Risk Department, the Risk Committee and the Risk Monitoring Committee.
Risks are monitored in accordance with the provisions of the French Decree of January 19, 2010, amending CRBF Regulation 97-02 concerning the risk function, for which it defines the missions involved.

Risk Department

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

Risk Committee

This committee meets quarterly and includes the operational risk managers, the heads of the business lines and functions involved and general management. The head of the Risk Department prepares the agenda and reports, presents the main risks and developments in the main risks, and presides over the meetings. This Committee is responsible for overall ex-post and ex-ante risk monitoring.

Risk Monitoring Committee

This committee consists of members of the deliberative bodies and meets twice a year to review the group's strategic challenges and opportunities in the risk area. Based on the findings presented, it makes recommendations on all decisions of a prudential nature applicable to all Group entities.

The head of the Risk Department chairs the meetings of this committee and presents the files prepared for the various risk areas based on the work of the Risk Committee. Executive management also participates in the meetings of this committee, which may also invite the heads of the business lines that have a stake in the items on the meeting agenda.

IV.1.3 - Scope and nature of risk reporting and measurement systems

Coordinating operations with the various business lines, the CM11-CIC Risk Department regularly compiles management reports summarizing a review of the various risks: credit, market, global interest rate, intermediation, settlement, liquidity and operational risks. All of the Group's main business lines are covered by monitoring and reports. More specifically, these management reports are prepared using the Group-wide Basel II tools and interfaced with the accounting system.

IV.2 - Equity structure

Regulatory capital levels are determined in accordance with French banking and financial regulations committee regulation 90-02 of February 23, 1990.
They are broken down into Tier 1 and Tier 2 capital, from which a certain number of deductions are made.

IV.2.1 - Tier 1 capital

This core capital is determined based on the Group's reported shareholders' equity, calculated on the prudential scope, after applying "prudential filters". These adjustments primarily concern:

- dividend payment forecasts;

- deduction of goodwill on acquisitions and other intangible assets;
- deduction of unrealized capital gains on equity instruments net of the tax already deducted for accounting purposes (calculated for each currency) for Tier 1, and the inclusion of these unrealized capital gains in Tier 2 capital for 45%;
- net unrealized capital losses on equity instruments for each currency are not restated;
- unrealized gains and losses recognized for accounting purposes directly in equity due to a cash flow hedge and those relating to other financial instruments, including debt instruments, are eliminated.
- Deduction of the positive difference of insurance securities consolidated using the equity method. This constitutes a change of accounting method relative to 2012. The transitional method provided for under CRBF Regulation 90-02, which authorized financial conglomerates to deduct the consolidated value of their insurance interests (acquired before January 1, 2007) from overall equity, came to an end on December 31, 2012.

IV.2.2 - Tier 1 capital admitted with cap

Hybrid securities are admitted as Tier 1 capital with a maximum limit, as approved by the general secretariat of the French Authority for Prudential Supervision and Resolution (ACPR), provided that they satisfy the eligibility criteria defined in Regulation 90-02, amended by the Decree of August 25, 2010.

More specifically, this concerns super subordinated notes issued under Article L. 228-97 of the French Commercial Code.

"Innovative" hybrid instruments, i.e. those with strong incentives for redemption, particularly through step-up payments, and dated instruments are limited to 15% of the Tier 1 capital.

All of these hybrid instruments – "innovative and non-innovative" – are limited to 35% of the Tier 1 capital.

The breakdown of the Group's super subordinated notes at December 31, 2013 was as follows:

Issuer	Issue date	Issue amount (€m)	Issue maturity	Call dates	Coupon	Innovative (Yes/No)	Amounts at 12/31/2013 (€m)
BFCM	10/17/2008	700	Perpetual	As of 10/17/2018	10.30% then 3-month Euribor + 6.65% from 10/17/2018	No	700
BFCM	12/15/2004	750	Perpetual	As of 12/15/2014	6% then EUR CMS10 + 0.10% or 8% maximum from 06/15/2006	No	750
BFCM	04/28/2005	600	Perpetual	As of 10/28/2015	4.471% then 3-month Euribor + 1.85% from 10/28/2015	No	404
BFCM	02/25/2005	250	Perpetual	As of 2/25/2015	7% then EUR CMS10 + 0.10% or 8% maximum from 2/25/2007	No	250

IV.2.3 - Tier 2 capital structure

Tier 2 capital consists of:

- subordinated notes or securities issued that satisfy the conditions of CRBF Regulation 90-02 relating to shareholders' equity (perpetual or redeemable subordinated notes);
- net unrealized capital gains on equity instruments, which are reversed for 45%, currency by currency, before tax;
- the positive difference between expected losses calculated using internal rating approaches and the total amount of collective impairments and value adjustments relating to the exposures concerned.

IV.2.4 - Deductions

The following deductions are booked against the Tier 1 capital and the Tier 2 capital for 50% of their amount in each tier.

More specifically, this concerns equity investments representing more than 10% of the capital of a credit institution or investment company, as well as the subordinated debt and any other related equity capital components.

This also concerns expected losses on exposure through equities as well as outstanding loans treated in line with the internal rating approach and not covered by value adjustments and provisions.

In € billions	Dec. 31, 2013	Dec. 31, 2012
Tier 1 capital, net of deductions	22.6	21.8
Share capital	5.8	5.8
Eligible reserves	24.8	23.1
Hybrid securities included with the ACP's approval	2.1	2.1
Deductions from Tier 1 capital (primarily intangible assets)	-10.0	-9.1
Tier 2 capital, net of deductions	-	-
Subordinated notes and other elements of Tier 2 capital	3.3	3.1
Deductions from Tier 2 capital (primarily insurance companies' securities)	-3.3	-3.1
Total capital for solvency ratio calculation	22.6	21.8
Capital requirements for credit risk	11.0	10.9
Capital requirements for market risk	0.2	0.3
Capital requirements for operating risk	1.2	1.2
Total capital requirements before taking into account additional requirements (transitional measures)	12.4	12.4
Additional requirements in terms of floors		
TOTAL CAPITAL REQUIREMENTS	12.4	12.4
Solvency ratios		
Tier 1 ratio	14.6%	14.1%
Overall ratio	14.6%	14.1%

The Common Equity Tier 1 capital adequacy ratio, calculated in accordance with Basel 2.5 rules, stood at 14.6%, one of the best in Europe, thus facilitating access to the financial markets.

At 12/31/2013, in accordance with Basel 2.5 rules	
Common Equity Tier 1 ratio	14.6%
Overall ratio	14.6%

Under Basel 3 rules, defined in the Capital Requirements Regulation of June 26, 2013 effective from January 1, 2014, the Common Equity Tier 1 ratio at December 31, 2013 was 13.0%. In addition, the Group's leverage ratio was 5.2%.

At 12/31/2013, in accordance with Basel 3 (without transitional measures)	
Common Equity Tier 1 ratio**	13.0%
Overall ratio**	15.8%
Leverage ratio (minimum ratio of 3% to be complied with by January 1, 2018)	5.2%

*** as required under CRR/CRD4; risk-weighted for the equity-accounted value of group insurance companies*

IV.3 - Capital adequacy

Pillar 2 of the Basel accord requires banks to carry out their own assessment of their economic capital and apply stress scenarios to assess their capital requirements in the event of an economic downturn. This pillar structures the dialogue between the Bank and the ACPR concerning the level of capital adequacy retained by the institution.

The work carried out by the Group to bring it into compliance with Pillar 2 ties in with improvements to the credit risk measurement and monitoring system. In 2008, the Group rolled out its internal capital assessment framework as part of the Internal Capital Adequacy Assessment Process (ICAAP). The methods for measuring economic requirements have been further strengthened, while management and control procedures have been drawn up, also with a view to defining a framework for the risk policy. Alongside this, various stress scenarios have been determined.

The difference between the economic capital and the regulatory capital constitutes the margin making it possible to secure the Bank's level of capital. This margin depends on the Group's risk profile and its degree of risk aversion.

In € millions	Dec. 31, 2013	Dec. 31, 2012
CAPITAL REQUIREMENTS IN RESPECT OF CREDIT RISK	**10,977.1**	**10,080.3**
Standardized approach		
Governments and central banks	3.5	5.8
Credit institutions	137.4	153.1
Corporate	776.2	652.3
Retail customers	1,600.6	1,520.5
Equities	45.5	42.5
Securitization positions under the standardized approach	71.8	41.1
Other non-credit obligation assets	43.4	43.9
Internal ratings-based approach		
Credit institutions	455.4	409.6
Corporate	4,686.8	3,742.8
Retail customers		
Small and medium-sized entities	482.3	495.6
Renewable exposures	61.2	53.0
Real estate loans	827.6	791.8
Other exposures to retail customers	389.3	382.6
Equities		
Private equity *(190% weighting)*	204.1	234.9
Listed equities *(290% weighting)*	123.2	108.8
Other equities *(370% weighting)*	190.1	171.7
Other non-credit obligation assets	380.9	389.9
Securitization positions	497.7	840.5
CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	**242.9**	**285.4**
Interest rate risk	143.2	147.7
Specific risk relating to securitization positions	30.5	60.8
Specific risk relating to correlation portfolio positions	12.3	12.9
Equity price risk	56.9	63.9
Market risk under standardized approach relating to positions on commodities prices		0.1
Settlement / delivery risk	0.2	
CAPITAL REQUIREMENTS IN RESPECT OF OPERATING RISK	**1,214.9**	**1,183.5**
Internal ratings-based approach (IRBA)	868.7	807.4
Standardized approach	239.3	273.2
TOTAL CAPITAL REQUIREMENTS	**12,435.0**	**11,549.2**

IV.4 - Concentration risk

IV.4.1 - Exposure by category

Historically, the Group's priority has been to develop a customer base of private individuals. CIC, which was originally geared more toward the corporates market, has gradually gained strength in the personal banking segment. However, it continues to serve corporates.

The composition of the Group's portfolio reflects these fundamentals, with retail customers continuing to represent 52% at December 31, 2013.

In € billions	Exposure at Dec. 31, 2013			Exposure at Dec. 31, 2012			Average Exposure 2013
	Advanced Internal Ratings Based Approach (IRBA)	Standardized	Total	Internal Ratings Based Approach (IRB)	Standardized	Total	
Governments and central banks		66	66		63	63	60
Credit institutions	29	8	37	33	9	42	40
Corporate	98	11	110	90	10	100	104
Retail customers	205	38	243	199	36	235	241
Equities	3	0	3	3	0	3	3
Securitization	4	0	4	4	0	4	4
Other non-credit obligation assets	5	1	5	5	1	5	5
TOTAL	**344**	**125**	**469**	**333**	**119**	**453**	**458**

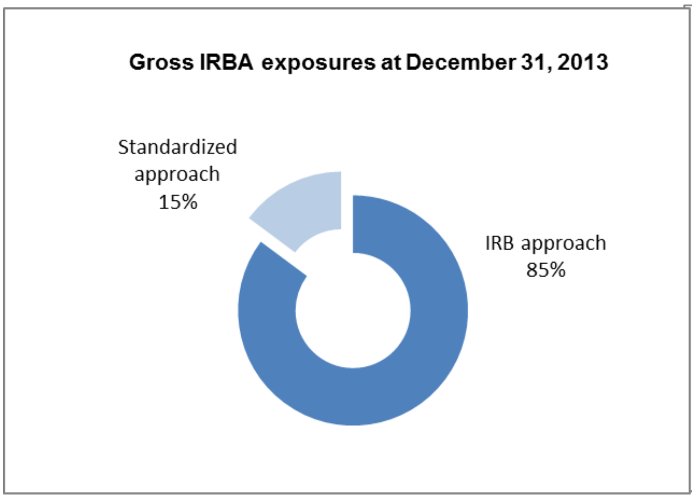
The Group has focused on the most advanced forms of the Basel accord, beginning with its core business, retail banking.

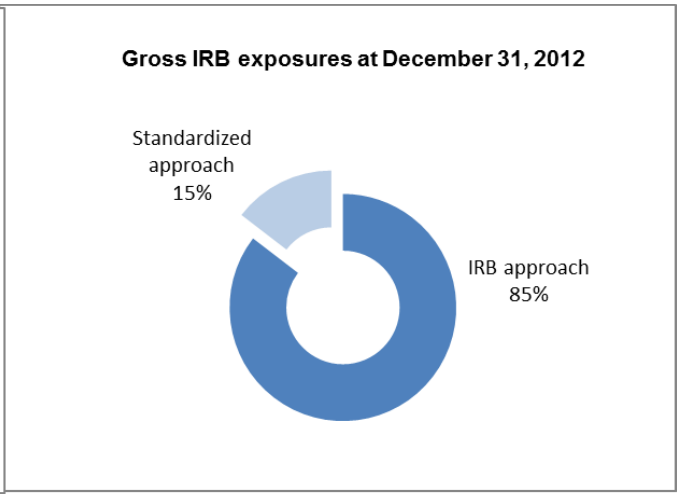
The ACPR has authorized it to use its internal ratings system to calculate its regulatory capital adequacy requirements in respect of credit risk:

- using the advanced method (IRBA or Internal Rating Based Approach), as from June 30, 2008, for the retail customer portfolio;
- using the foundation method (IRBF or Internal Rating Based Foundation), as from December 31, 2008, then the advanced method, as from December 31, 2012, for the bank portfolio;
- using the advanced method (IRBA), as from December 31, 2012, for the corporate portfolio.

In the case of the regulatory credit institutions, corporate and retail customer portfolios, the Group was authorized to use advanced internal methods in respect of 85% of the exposures at December 31, 2013.

Capital adequacy requirements for the Government and Central Bank portfolios are evaluated on a long-term basis using the standard method as approved by the ACPR's general secretariat. The standardized method was applied in the case of Cofidis group, CM-CIC Factor's foreign subsidiaries as at December 31, 2013.





IV.4.2 - Exposures by counterparty's country of residence

Breakdown at Dec. 31, 2013

Exposure category	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	11.5%	0.6%	1.6%	1.2%	14.9%
Credit institutions	5.4%	0.4%	1.1%	0.8%	7.7%
Corporate	18.7%	0.8%	1.9%	1.6%	23.0%
Retail customers	48.4%	3.5%	1.5%	1.1%	54.5%
TOTAL	**83.9%**	**5.3%**	**6.1%**	**4.8%**	**100%**

Breakdown at December 31, 2012

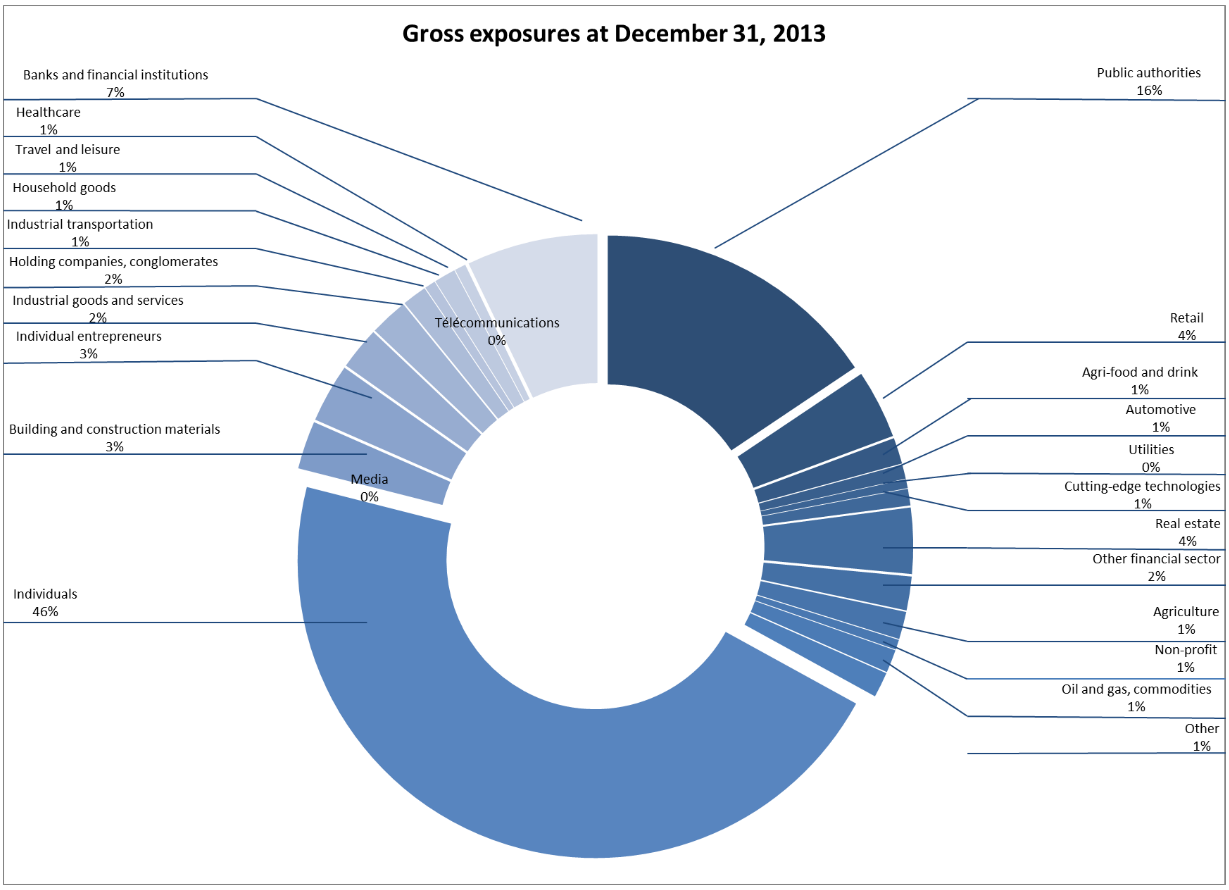
%

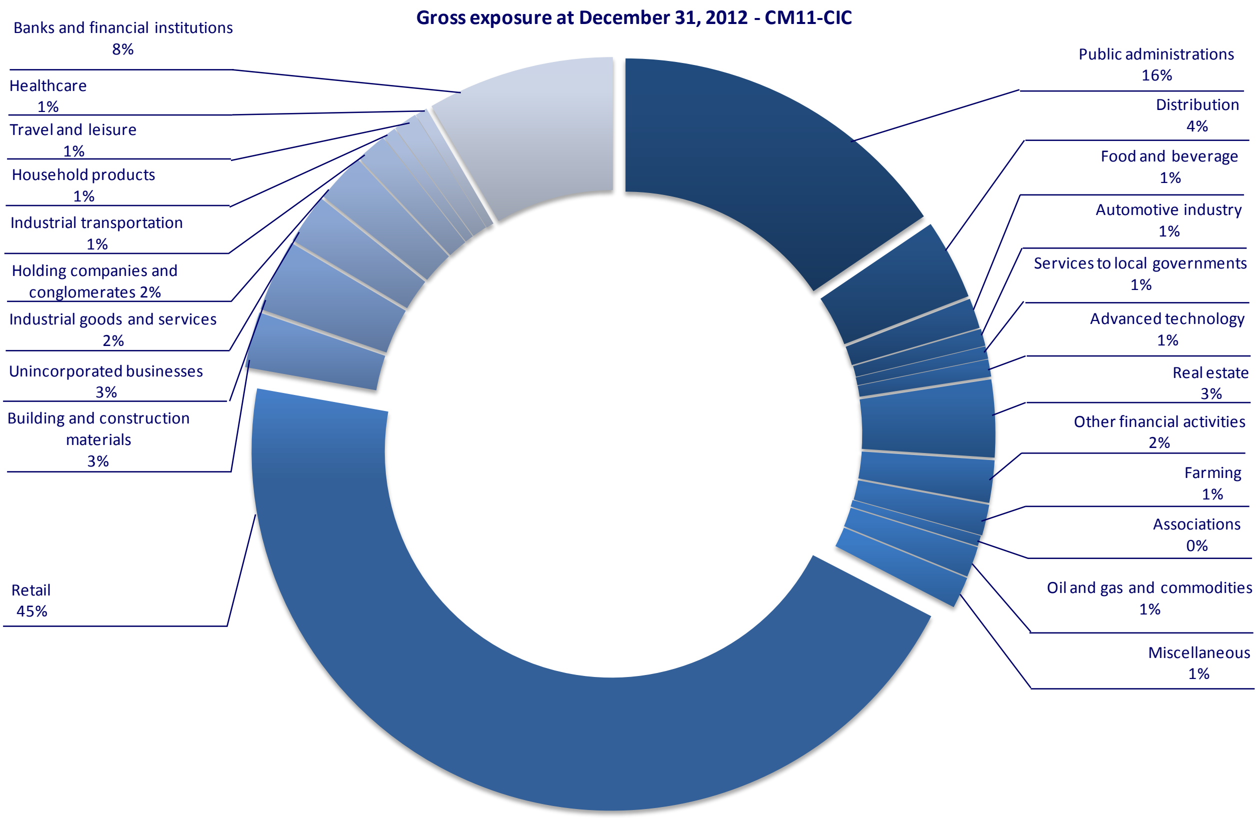
Exposure category	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	11.4%	0.5%	1.2%	1.6%	14.7%
Credit institutions	5.9%	0.3%	0.7%	1.0%	7.9%
Corporate	18.3%	0.7%	2.0%	1.8%	22.8%
Retail customers	48.7%	3.2%	1.5%	1.1%	54.6%
TOTAL	**84.2%**	**4.8%**	**5.5%**	**5.5%**	**100%**

The geographic breakdown of gross exposure at December 31, 2013 reflects the fact that the Group is primarily a French and European player, with 95.2% of its commitments in the European Economic Area.

IV.4.3 - Exposure by sector

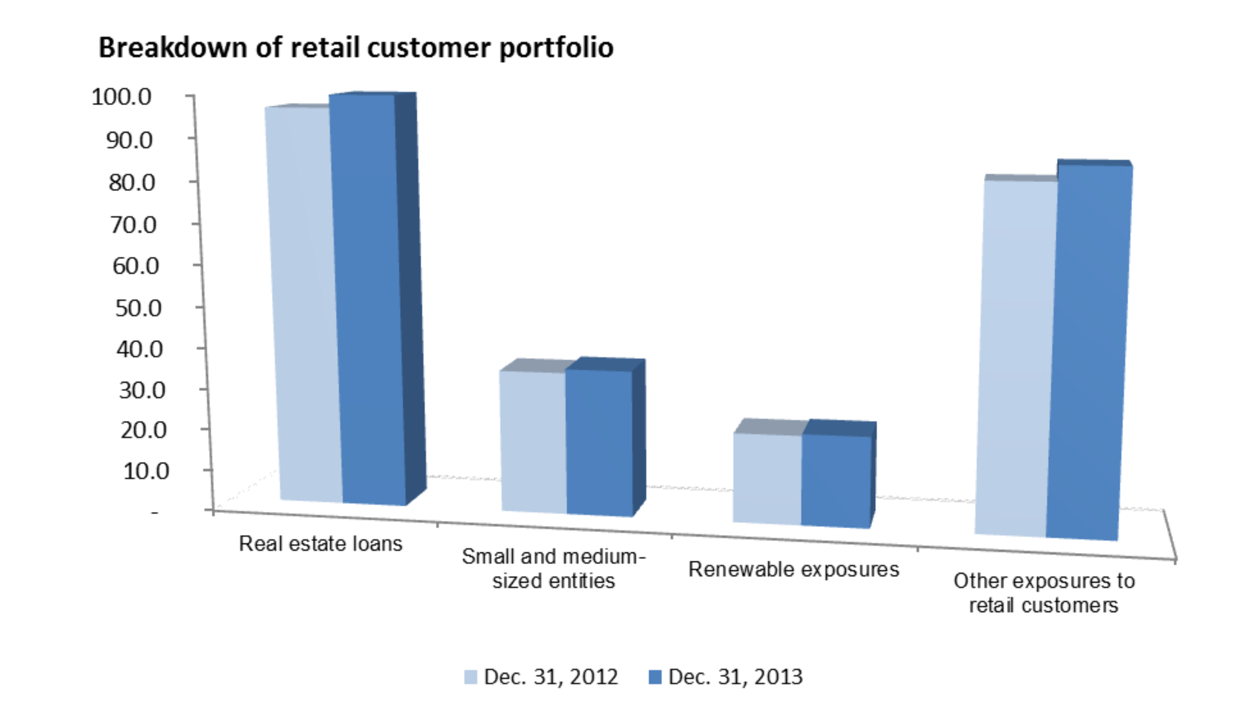
The sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.


Gross exposures at December 31, 2013
Banks and financial institutions
7%
Healthcare
1%
Travel and leisure
1%
Household goods
1%
Industrial transportation
1%
Holding companies, conglomerates
2%
Industrial goods and services
2%
Individual entrepreneurs
3%
Building and construction materials
3%
Télécommunications
0%
Media
0%
Individuals
46%
Public authorities
16%
Retail
4%
Agri-food and drink
1%
Automotive
1%
Utilities
0%
Cutting-edge technologies
1%
Real estate
4%
Other financial sector
2%
Agriculture
1%
Non-profit
1%
Oil and gas, commodities
1%
Other
1%


Gross exposure at December 31, 2012 - CM11-CIC
Banks and financial institutions
8%
Healthcare
1%
Travel and leisure
1%
Household products
1%
Industrial transportation
1%
Holding companies and conglomerates 2%
Industrial goods and services
2%
Unincorporated businesses
3%
Building and construction materials
3%
Retail
45%
Public administrations
16%
Distribution
4%
Food and beverage
1%
Automotive industry
1%
Services to local governments
1%
Advanced technology
1%
Real estate
3%
Other financial activities
2%
Farming
1%
Associations
0%
Oil and gas and commodities
1%
Miscellaneous
1%

IV.4.4 - Breakdown of the retail customer portfolio

Outstanding loans to retail customers totaled €243 billion at December 31, 2013, compared with €235 billion at December 31, 2012.
The breakdown of this portfolio by regulatory subcategory is presented in the chart below. .



IV.5 - Standardized approach

The Group uses assessments by the rating agencies Standard & Poor's, Moody's and Fitch Ratings to measure the sovereign risk on exposure relating to governments and central banks. The cross-reference table used to link the credit quality steps to the external ratings taken into consideration is that defined in the regulations.

IV.5.1 - Exposures under the standardized approach

Exposure to governments and central banks is weighted almost exclusively at 0%. The capital requirements associated with this portfolio reflect a limited sovereign risk for the Group with good-quality counterparties.

In € billions	Weightings				
GROSS EXPOSURES	**0%**	**20%**	**50%**	**Total Dec. 31, 2013**	**Total Dec. 31, 2012**
Governments and central banks	65.7		0.5	**66.3**	63.1
Local and regional authorities		5.0		**5.0**	5.1
VALUE EXPOSED TO RISK	**0%**	**20%**	**50%**	**Total Dec. 31, 2013**	**Total Dec. 31, 2012**
Governments and central banks	65.7		0.3	**66.0**	62.9
Local and regional authorities		4.7		**4.7**	4.8

IV.6 - Rating system

IV.6.1 - Rating system description and control

A single rating system for the entire CM11-CIC Group

Rating algorithms and expert models have been developed to improve the Group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

Rating methodologies are defined under the responsibility of the National Confederation for all portfolios. However, the regional entities are directly involved in developing and approving working group projects on specific issues, as well as in work on data quality and application acceptance testing. The rating system for the Group's counterparties is used across the entire Group.

Counterparties eligible for internal processes are rated by a single system based on:

- statistical algorithms or "mass ratings", based on one or more models, factoring in a selection of representative and predictive variables concerning the risk for the following segments:
  - Private individuals;
  - Retail entities;
  - Real estate trusts;
  - Sole traders;
  - Farmers;
  - Non-profit organizations;
  - Enterprises /Corporate;
  - Corporate acquisition financing.
- rating grids prepared by experts for the following segments:
  - Banks and covered bonds,
  - key accounts,
  - Financing of large corporate acquisitions;
  - Real estate companies;
  - Insurance companies.

These models (algorithms or grids) are used to ensure proper risk assessment and rating. The scale of values reflects risk progressivity and is divided into 11 positions, including nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D-, E+) and two default positions (E- and F).

A unified definition of default based on Basel and accounting requirements

A unified definition of default has been introduced for the entire Group. Based on an alignment of prudential rules to accounting regulations (CRC 2002-03), this definition draws a correlation between the Basel concept of default and the accounting notion of non-performing loans and loans in litigation. The information systems take contagion into account, thereby allowing related loans to be downgraded. Controls carried out by the Internal Inspection unit and the Statutory Auditors ensure the reliability of the arrangements for identifying defaults used for calculating capital requirements.

Formalized monitoring framework for the internal rating system

The quality of the internal ratings system is monitored based on national procedures that detail the topics reviewed, the disclosure thresholds and the responsibilities of the participants. These documents are updated by the Risk Department from Crédit Mutuel's National Confederation as required in accordance with the decisions that have been approved.
Reporting on the monitoring of mass rating models involves three main areas of study: stability, performance and various additional analyses. This reporting is carried out for each mass rating model on a quarterly basis and supplemented with half-year and annual controls and monitoring work, for which the levels of detail are higher.

In terms of expert grids, the system includes full annual monitoring based on performance tests (analysis of rating concentrations, transition matrices and consistency with the external rating system) supplemented for key accounts and related structures by interim monitoring on a half-yearly basis.

The parameters used for calculating weighted risks are national and applied for all Group entities. Default probabilities are monitored annually before any new estimates of the regulatory parameter. Depending on the portfolios, this is supplemented with interim monitoring on a half-yearly basis. The approach for monitoring the LGD (loss given default) and CCF (conversion factors from off-balance sheet to on-balance sheet equivalents) is annual and intended primarily to validate the values taken by these parameters for each segment. In the case of loss given default, this validation is carried out mainly by checking the robustness of the methods for calculating the prudential margins and comparing the LGD estimators with the latest data and actual results. For the CCF, validations are carried out by comparing the estimators with the most recent CCF observed.

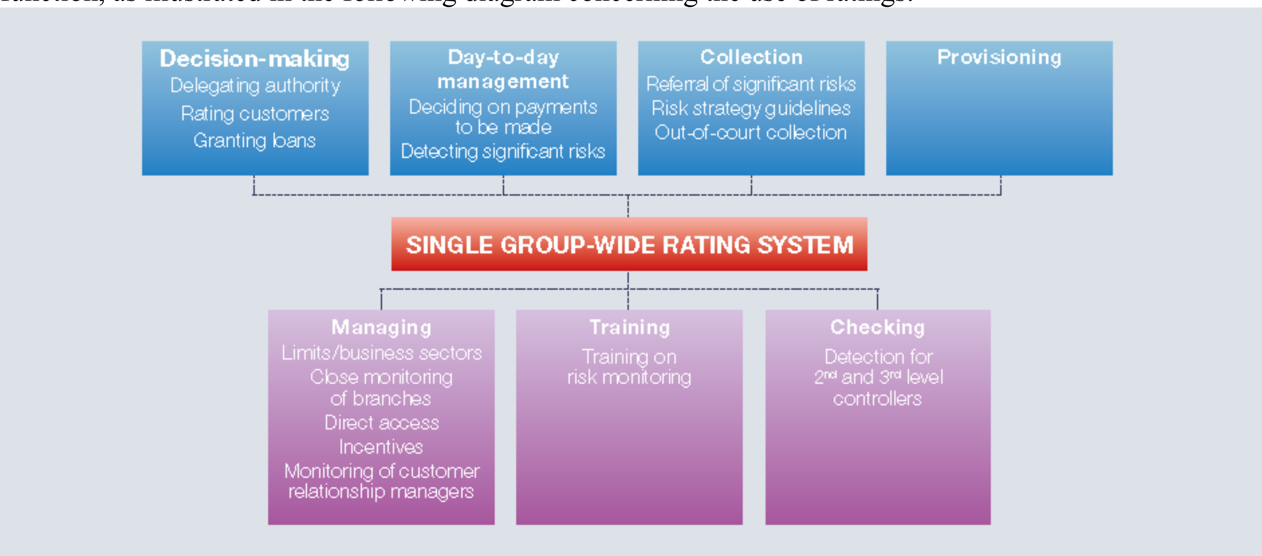
Internal rating system included within the scope of permanent and periodic control

The Group's permanent control plan concerning Basel II comprises two levels. At the national level, permanent control is involved in validating new models and significant adjustments made to existing models on the one hand, and on the other, the permanent monitoring of the internal rating system (particularly the parameters). At the regional level, it verifies the overall adoption of the internal rating system, as well as operational aspects linked to the production and calculation of ratings, the credit risk management procedures relating directly to the internal rating system, and data quality.

In terms of periodic control, the Group's audit unit carries out an annual review of the internal ratings system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel II procedures as well as the breakdown of responsibilities between the regional and national audit units.

Operational integration of the internal rating system

The regional groups implement the national Basel II procedures under specific conditions (composition of committees, risk management procedures, etc.). In accordance with the regulations, the Basel II framework is put in place in the Group's various entities at all levels within the credit management function, as illustrated in the following diagram concerning the use of ratings:



The overall consistency of the arrangements is ensured by the following:

- national governance for the internal rating system;
- distribution of national procedures by Crédit Mutuel's National Confederation;

- exchanges of practices between the entities (during plenary meetings or bilateral CNCM/group or inter-group exchanges);
- adoption of two IT systems by virtually all the entities, structuring the Group's organization (same approach for applications nationally, possibility of common applications being used on a federation-wide basis);
- national reporting tools, which check the consistency of practices in the regional groups;
- audits carried out by permanent control and confederal inspection.

These applications and assignments are intended to ensure regulatory compliance and a high level of convergence in terms of practices using the internal rating system. The methodological guidelines, progress made with the arrangements and the main consequences of the reform are regularly presented to all the Crédit Mutuel federations, as well as the subsidiaries and CIC banks.

IV.6.2 - Breakdown of risk exposure values by category

	December 31, 2013		December 31, 2012		Changes 2013/2012	
In € billions	Value exposed to risk	Value adjustments*	Value exposed to risk	Value adjustments*	Value exposed to risk	Value adjustments
Advanced internal ratings-based approach						
Credit institutions	**28.2**	**0.0**	**32.2**	**0.0**	-4.0	0.0
Corporate	**81.9**	**0.9**	**75.1**	**0.9**	6.9	0.0
Retail customers						
Revolving	6.1	0.1	6.0	0.1	0.1	0.0
Residential real estate	95.4	0.6	92.7	0.6	2.6	0.0
Other	92.1	2.0	89.7	2.0	2.5	0.0
TOTAL	**303.7**	**3.7**	**295.7**	**3.7**	**8.0**	**0.0**

(*) These value adjustments are made in relation to individual provisions. Information about collective provisions is provided in the annual report.

IV.6.3 - Breakdown of risk exposure values based on an advanced internal rating approach by category and internal rating (excluding defaulted exposures)

Credit institutions and Corporates

In €m December 31, 2013	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Credit institutions	1	3,674	3,674	288	7.8	-
	2	10,330	10,127	332	35.2	0
	3	10,458	9,844	2,550	51.4	-
	4	1,775	1,767	471	46.7	-
	5	1,147	1,068	414	105.1	-
	6	840	719	441	61.4	-
	7	193	159	141	89.1	-
	8	908	792	1,043	131.8	-
	9	10	5	12	244.6	-
Corporates - Large accounts	1	108	71	11	15.3	-
	2	695	422	77	18.2	-
	3	4,007	2,737	699	25.5	-
	4	8,810	5,702	1,899	33.3	-
	5	15,688	11,460	6,609	57.7	-
	6	7,125	5,218	4,627	88.7	-
	7	3,816	2,988	3,344	111.9	-
	8	4,836	3,987	6,103	153.1	0
	9	1,278	1,039	2,407	231.8	1
Corporates - Excl. large accounts	1	4,845	4,358	881	20.2	2
	2	9,428	8,790	2,305	26.2	7
	3	4,387	4,115	1,449	35.2	6
	4	5,481	5,172	2,211	42.7	14
	5	4,875	4,485	2,223	49.6	22
	6	11,733	10,670	4,096	38.4	62
	7	2,217	2,039	1,560	76.5	33
	8	869	821	770	93.8	25
	9	655	609	626	102.8	31
Corporates under the IRB slotting approach		5,532	5,357	3,434	63.3	26

*specialized financing

Retail - Individuals

In €m December 31, 2013	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Real estate	1	4,732	4,661	64	1.4	0
	2	27,555	27,233	444	1.6	2
	3	16,013	15,841	635	4.0	3
	4	13,651	13,532	1,061	7.8	6
	5	7,148	7,078	1,016	14.4	8
	6	3,907	3,806	957	25.2	10
	7	1,770	1,757	604	34.4	8
	8	2,456	2,443	1,149	47.0	20
	9	1,226	1,222	808	66.2	30
Revolving	1	668	235	2	0.7	0
	2	3,289	1,443	16	1.1	0
	3	2,182	1,135	29	2.6	0
	4	1,919	1,097	64	5.9	1
	5	884	541	68	12.6	2
	6	906	570	131	22.9	4
	7	540	371	137	37.0	5
	8	367	281	144	51.4	7
	9	149	125	105	84.4	8
Other loans	1	4,899	4,679	75	1.6	0
	2	21,865	21,100	390	1.9	1
	3	10,206	9,783	464	4.7	2
	4	7,391	7,106	640	9.0	4
	5	3,617	3,446	533	15.5	5
	6	3,414	2,826	529	18.7	10
	7	1,274	1,227	334	27.2	10
	8	1,193	1,160	326	28.1	16
	9	539	528	227	43.0	21

Retail - Other

In €m December 31, 2013	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Real estate	1	3,843	3,803	169	4.4	1
	2	4,200	4,160	331	8.0	2
	3	1,693	1,674	230	13.8	2
	4	1,917	1,886	383	20.3	3
	5	1,220	1,204	337	28.0	4
	6	1,224	1,207	450	37.3	6
	7	826	821	410	49.9	8
	8	529	527	313	59.5	8
	9	576	573	393	68.6	18
Revolving	1	95	46	1	2.9	0
	2	67	35	2	6.3	0
	3	30	17	2	11.5	0
	4	26	15	2	15.2	0
	5	19	11	3	22.5	0
	6	36	23	7	33.2	0
	7	16	11	5	46.7	0
	8	16	11	7	62.6	0
	9	12	9	8	88.6	1
Other loans	1	9,455	8,805	649	7.4	3
	2	8,923	8,454	972	11.5	6
	3	4,078	3,851	668	17.3	7
	4	4,703	4,375	938	21.4	13
	5	3,454	3,244	778	24.0	17
	6	3,366	3,125	819	26.2	28
	7	2,434	2,300	691	30.0	37
	8	1,542	1,464	543	37.1	40
	9	1,347	1,295	607	46.9	68

Credit institutions and Corporates

In €m December 31, 2012	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Credit institutions	1	2,733	2,730	198	7.2	-
	2	14,915	14,862	379	2.6	0
	3	11,953	11,407	2,949	25.8	-
	4	913	887	229	25.8	-
	5	1,113	979	396	40.5	-
	6	699	555	322	58.0	-
	7	749	652	581	89.1	-
	8	75	68	38	56.3	-
	9	16	12	28	228.6	-
Corporates - Large accounts	1	65	45	7	15.3	
	2	982	662	121	18.2	
	3	3,984	2,726	705	25.9	
	4	9,549	6,493	2,162	33.3	
	5	12,930	9,591	5,530	57.7	
	6	8,554	6,154	5,457	88.7	
	7	4,170	3,224	3,609	111.9	
	8	5,456	4,682	7,169	153.1	
	9	1,673	1,360	3,154	232.0	
Corporates - Excl. large accounts	1	1,790	1,638	249	15.2	0
	2	5,354	4,921	1,171	23.8	3
	3	5,973	5,550	1,873	33.7	8
	4	6,340	5,926	2,478	41.8	15
	5	7,102	6,592	3,250	49.3	31
	6	4,499	4,227	2,751	65.1	41
	7	2,642	2,491	2,009	80.6	42
	8	773	729	707	97.0	20
	9	442	411	405	98.6	19
Corporates under the IRB slotting approach		5,785	5,655	3,487	60.8	23

Retail - Individuals

In €m December 31, 2012	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Real estate	1	5,196	5,131	67	1.3	0
	2	27,144	26,856	418	1.6	1
	3	14,910	14,764	565	3.8	3
	4	13,305	13,190	1,006	7.6	6
	5	7,122	7,060	978	13.9	7
	6	3,286	3,208	776	24.2	8
	7	1,929	1,915	636	33.2	8
	8	2,033	2,025	919	45.4	16
	9	1,285	1,281	811	63.3	31
Revolving	1	306	127	1	0.8	0
	2	2,633	1,212	12	1.0	0
	3	2,462	1,260	30	2.4	0
	4	2,368	1,349	74	5.5	2
	5	1,117	698	84	12.0	2
	6	717	474	101	21.4	3
	7	344	245	83	33.9	3
	8	301	233	112	48.1	5
	9	138	117	92	78.6	7
Other loans	1	4,993	4,775	72	1.5	0
	2	20,772	20,099	343	1.7	1
	3	9,818	9,403	439	4.7	2
	4	7,642	7,338	680	9.3	4
	5	3,801	3,647	579	15.9	6
	6	2,895	2,396	472	19.7	10
	7	1,168	1,124	291	25.9	9
	8	1,012	989	281	28.5	14
	9	595	585	246	42.1	23

Retail - Other

In €m December 31, 2012	Credit quality	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight	Expected Loss (EL)
Real estate	1	2,907	2,873	126	4.4	1
	2	4,009	3,973	309	7.8	2
	3	2,358	2,336	312	13.3	2
	4	1,820	1,795	351	19.5	3
	5	1,483	1,465	396	27.1	4
	6	1,084	1,073	385	35.9	5
	7	787	781	373	47.7	7
	8	570	567	324	57.2	8
	9	614	608	398	65.5	19
Revolving	1	79	39	1	2.9	0
	2	66	35	2	6.1	0
	3	35	20	2	10.8	0
	4	26	15	2	14.2	0
	5	18	11	2	21.4	0
	6	34	22	7	31.4	0
	7	17	12	5	43.9	0
	8	16	11	7	58.5	0
	9	13	10	8	82.1	1
Other loans	1	7,701	7,175	536	7.5	3
	2	7,761	7,354	845	11.5	6
	3	5,480	5,184	873	16.8	8
	4	4,510	4,231	892	21.1	13
	5	4,256	3,980	945	23.8	20
	6	2,883	2,688	691	25.7	24
	7	2,649	2,482	717	28.9	39
	8	1,584	1,508	532	35.3	39
	9	1,384	1,336	598	44.8	67

RWA refers to the risk weighted assets and EL the expected losses. Exposures at default are not included in the above table.
The LGD (loss given default) used to calculate expected losses provides a cycle average estimate whereas the accounting information recorded relates to a given year. As a result, comparisons between ELs and losses are not relevant for a given year.

IV.7 - Trading desk counterparty risk

Counterparty risk concerns derivative instruments and repo transactions in the banking and trading portfolios. These transactions are primarily covered by the CM-CIC Marchés business.

Within this framework, netting and collateral agreements have been set up with the main counterparties, limiting the counterparty risk exposure levels.

Capital adequacy requirements as at December 31, 2013 were measured using the IRB approach.

Counterparty risk	Value at risk	
In € billions	Dec. 31, 2013	Dec. 31, 2012
Derivative instruments	4.5	9.8
Repurchase agreements	0.3	0.4
Total	4.8	10.2

* for securities received under repurchase agreements, the value at risk corresponds to the fully-adjusted value.

IV.8 - Credit risk mitigation techniques

IV.8.1 - Netting and collateralization of repos and over-the-counter derivatives

When a framework agreement is entered into with a counterparty, the signatory entity nets the exposure with the latter. With credit institution counterparties, CM-CIC Marchés supplements these agreements with collateralization agreements (CSA).
The operational management of these contracts is based on the TriOptima platform.
Margin calls, in most cases daily, significantly reduce the residual net credit risk on over-the-counter derivatives and repos.

IV.8.2 - Description of the main categories of collateral taken into account by the institution

The Group uses guarantees in different ways when calculating weighted risks, depending on the type of borrower, the calculation method applied for the exposure covered and the type of guarantee.

For retail banking customer contracts based on an advanced IRB approach, the guarantees are used as an element for segmenting the loss given default, calculated statistically on all the Group's non-performing loans and loans in litigation.

For contracts concerning the "sovereign" and "institution" portfolios and, to some extent, the "corporate" portfolio, personal collateral and financial collateral are used as risk mitigation techniques, as defined by the regulations:

- Personal collateral corresponds to a commitment made by a third party to take the place of the primary debtor if the latter defaults. By extension, credit derivatives (purchase of protection) are included in this category;
- Financial collateral is defined by the Group as a right for the institution to liquidate, retain or obtain the transfer of ownership of certain amounts or assets, such as pledged cash deposits, debt securities, equities or convertible bonds, gold, UCITS units, life insurance policies and instruments of all kinds issued by a third party and redeemable on request.

Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations.

Operational procedures describe the features of the guarantees used, the eligibility conditions, the operating principles and the resolution of alerts triggered in the event of non-compliance. Downstream processing to calculate weighted risks taking into account risk mitigation techniques is largely automated.

IV.8.3 - Procedures applied for valuing and managing instruments that constitute physical collateral

The valuation procedures for guarantees vary depending on the type of instrument comprising the physical collateral. Generally speaking, research carried out within the Group is based on statistical estimation methodologies, integrated directly into the applications, using external indices with potential discounts applied depending on the type of asset accepted as collateral. On an exceptional basis, specific procedures include expert valuations, particularly in cases where the limits set for outstandings are exceeded.

These procedures are drawn up at the national level. Group entities are then responsible for operational management, monitoring valuations and calling guarantees.

IV.8.4 - Main categories of protection providers

With the exception of intra-group guarantees, the main categories of protection providers taken into account are mutual guarantee companies such as Crédit Logement.

IV.9 - Securitization

IV.9.1 - Objectives

In connection with its capital market activities, the Group carries out operations on the securitization market by taking up investment positions with three objectives: achieving returns, taking risks and diversifying. The risks primarily concern credit risk on the underlying assets and liquidity risk, particularly with the changes in the European Central Bank's eligibility criteria.

The activity is exclusively an investor activity with senior or mezzanine tranches, which always have external ratings.

For specialized financing facilities, the Group supports its customers as a sponsor (arranger or co-arranger) or sometimes as an investor with the securitization of commercial loans. The conduit used is General Funding Ltd (GFL), which subscribes for the senior units in the securitization vehicle and issues commercial paper. GFL benefits from a liquidity line granted by the Group, which guarantees that it will place the conduit's commercial paper. The Group is exposed mainly to credit risk on the portfolio of transferred loans and to the risk of the capital markets drying up.

Irrespective of the business context, the Group is not an originator and may only marginally be considered as a sponsor. It does not invest in re-securitizations.

IV.9.2 - Control and monitoring procedures for capital market activities

Market risks on securitization positions are monitored by the risk and results control function, focusing on various areas, with day-to-day procedures making it possible to monitor changes in market risks. Each day, this function analyzes changes in the results of securitization strategies and explains them in relation to the risk factors. It monitors compliance with the limits defined in the set of rules.

The Group also monitors the credit quality of the securitization tranches on a daily basis by monitoring the ratings set by the external credit rating agencies Standard & Poor's, Moody's and Fitch Ratings. The actions taken by these agencies (upgrades, downgrades or watches) are analyzed. In addition, a quarterly summary of rating changes is drawn up.

In connection with the procedure for managing counterparty limits, the following work is carried out: in-depth analysis of securitizations that have reached the level of delegation for Group commitments, analysis of certain sensitive securitizations (from the eurozone's peripheral countries or subject to significant downgrades). More specifically, these analyses are intended to assess the position's level of credit and the underlying asset's performances.

In addition, each securitization tranche, irrespective of the delegation level, is covered by a form. These forms incorporate the main characteristics of the tranche held, as well as the structure and the underlying portfolio. For securitizations issued from January 1, 2011, information on the underlying asset's performances has been added. This information is updated once a month. The branches' pre-sales documentation and the issue prospectuses are also recorded and made available with the forms, in addition to the investor reports for securitizations issued from January 1, 2011.

Lastly, the capital market activities have an application for measuring the impact of various scenarios on the positions (notably changes in prepayments, defaults and recovery rates).

IV.9.3 - Credit risk hedging policies

The credit markets activities traditionally buy securities. Nevertheless, purchases of credit default swaps for hedging may be authorized and, as applicable, are governed by the capital markets procedures.

IV.9.4 - Prudential approaches and methods

The entities included within the scope for approval of the credit risk internal rating approach apply the method based on the ratings. Otherwise, the standardized approach is retained.

IV.9.5 - Accounting principles and methods

Securitization securities are recognized in the same way as other debt securities, i.e. based on their accounting classification. The accounting principles and methods are presented in Note 1 to the financial statements.

IV.9.6 - Exposure by type of securitization

Exposures are stated net of provisions.

Securitization by category

	Dec. 31, 2013				Dec. 31, 2012			
EAD in € billions	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach
Investor								
Traditional securitization	0.3	3.5	1.7		0.3	3.5	1.8	
Synthetic securitization				0.6				0.8
Traditional resecuritization								
Synthetic resecuritization								
Sponsor		0.2				0.3		
Total	0.3	3.7	1.7	0.6	0.3	3.8	1.8	0.8

Detailed breakdown of outstandings by credit rating

	Dec. 31, 2013				Dec. 31, 2012			
EAD in € billions	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
Credit quality	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach
E1	0.1	1.4	1.4		0.1	0.6	1.7	
E2		0.9	0.1			1.3		
E3		0.1	0.0			0.1		
E4		0.2	0.0			0.2		
E5		0.0	0.0			0.1		
E6	0.0	0.0			0.1	0.1	0.1	
E7		0.1	0.0			0.0		
E8	0.1	0.1	0.0			0.2		
E9	0.0	0.0	0.0		0.1	0.0		
E10		0.0				0.0		
E11		0.0				0.0		
Positions weighted at 1,250%	0.0	0.8	0.0		0.0	1.2		
Total	0.3	3.7	1.7	0.6	0.3	3.8	1.8	0.8

Capital requirements

	Dec. 31, 2013				Dec. 31, 2012			
Capital requirement in € billions	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach	standardized approach	internal ratings-based approach	internal ratings-based approach	internal ratings-based approach
Total	0.0	0.5	0.0	0.0	0.0	0.8	0.1	0.0

The external agencies used are Standard & Poor’s, Moody’s and Fitch Ratings.

IV.10 - Operational risks

The elements relating to the assessment of capital requirements in terms of operational risk are presented in the "Risk Management" section.
This report also satisfies the disclosure requirements in terms of the policy and arrangements put in place on the one hand, and on the other, the type of systems for declaring and measuring risks.

IV.10.1 - Description of the advanced measurement approach (AMA)

In connection with the implementation of the advanced measurement approach (AMA) for assessing capital requirements in terms of operational risks, these risks are managed by a dedicated independent function. The operational risk control and measurement procedure is based on the risk mapping carried out for each business line and each type of risk, liaising closely with the functional departments and the day-to-day risk management measures. More specifically, these define a standard framework for analyzing the loss experience and lead to modeling based on expert opinions compared with scenario-based probabilistic estimates.

For modeling purposes, the Group relies mainly on the national database of internal losses. This application is populated in line with the national collection procedure, which sets a standard limit of €1,000 above which each loss must be entered and which defines the framework for reconciliations between the loss base and the accounting information.

In addition, the Group has a subscription to an external database which is used in line with long-term procedures, as well as the methodologies for integrating this data into the operational risk measurement and analysis system.

The Group's general steering and reporting system incorporates the requirements of CRBF 97-02. The executive body is informed of operational risk exposures and losses on a regular basis and at least once a year.

The Group's procedures relating to governance, loss data collection, risk measurement and management systems enable it to take appropriate remedial action. These procedures are subject to regular controls.

IV.10.2 - Authorized scope for AMA method

The Group is authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk, with the exception of the deduction of expected losses from its capital adequacy requirements. This authorization came into effect on January 1, 2010 for the consolidated group excluding foreign subsidiaries and the Cofidis group, and was extended to CM-CIC Factor from January 1, 2012 and to Banque du Luxembourg from September 30, 2013.

IV.10.3 - Operational risk mitigation and hedging policy

Operational risk mitigation techniques include:

- preventive actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans, classified into two categories: business specific disaster recovery plans, which relate to a given banking function that is associated with one of the business lines identified in accordance with Basel, and cross-functional disaster recovery plans, which relate to activities that constitute business support services (logistics, HR and IT issues).

The disaster recovery plans can be split into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;

- back-on-track plan.

A long-term national procedure sets out the methodology for drawing up a disaster recovery plan. This constitutes a reference document that may be consulted by all the teams concerned by disaster recovery plans. It is applied by all the regional groups.

IV.10.4 - Use of insurance techniques

The ACPR has authorized the Group to take into account the deduction of insurance as a factor for reducing capital requirements in respect of operational risk under the advanced measurement approach with effective application as from the period ended June 30, 2012.

The principles applied for financing operational risks within the group depend on the frequency and severity of each potential risk, and involve:

- setting up insurance cover or financing by withholding amounts on the operating account for non-severe frequency risks;
- taking out insurance for insurable serious or major risks;
- developing self-insurance for losses below insurers' excess levels;
- allocating reserves of regulatory capital or provisions financed through underlying assets for serious risks that cannot be insured.

The Group's insurance programs comply with the provisions of Articles 371 – 1 to 3 of the French Decree of February 20, 2007 concerning the deduction of insurance under the advanced method approach (AMA).

The insurance included in the deduction process covers damage to real and personal property (multi-risk), specific banking risks and fraud, as well as professional third-party liability.

IV.11 - Equities

	Value at risk	
In € billions	Dec. 31, 2013	Dec. 31, 2012
Equities	**2.9**	**2.9**
Under internal ratings-based approach		
Private equity (190%)	1.3	1.5
Exposures to listed equities (290%)	0.5	0.5
Other exposures to equities (370%)	0.6	0.6
Under standardized approach		
Equities under standardized approach weighted at 150%	0.4	0.4
Investments deducted from capital	**-7.8**	**-7.4**
Total amount of unrealized gains and losses included in Tier 1 capital		**-**
of which, unrealized gains included in additional capital		

The equity investments deducted from the capital primarily concern equity investments in associate credit institutions and insurance companies.

The private equity business is split between the private equity line, with an internal ratings approach for leveraged transactions, and the equities line, with a standardized approach in other cases.

IV.12 - Banking portfolio interest rate risk

These risks are calculated on the trading portfolio. In the vast majority of cases, they result from the CM-CIC Marchés activities for interest rate and equities risks.
The counterparty risks for derivatives and repo transactions are covered in the "counterparty risks" section.

In € millions

CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	Dec. 31, 2013	Dec. 31, 2012
- Specific interest-rate risk (excluding securitization and correlation portfolios)	58	72
- Specific interest-rate risk - securitization and correlation portfolios	43	73
- Global interest rate risk	85	76
- Equity risk	57	64
- Foreign exchange risk	-	-
- Commodity risk	0	0
Total capital requirements	**243**	**285**

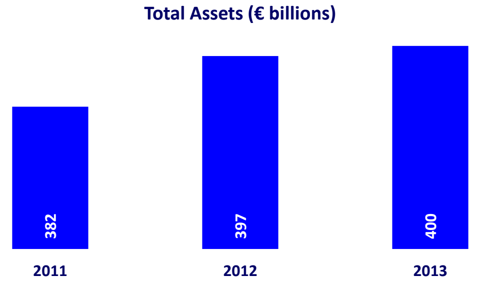
V. FINANCIAL INFORMATION ABOUT BFCM GROUP

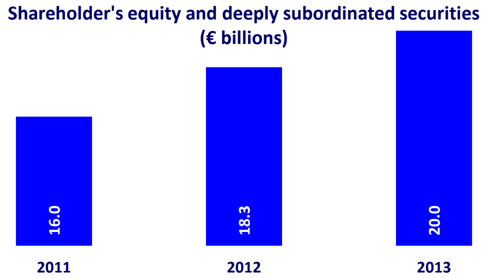
V.1 - BFCM Group's key figures

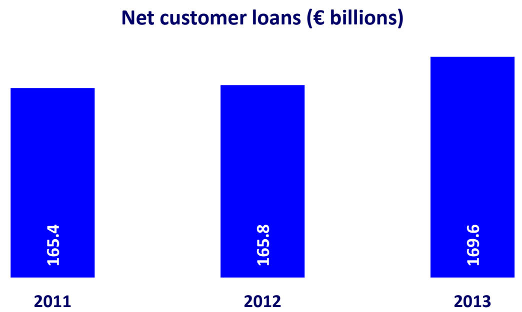
The 2011 figures reflect IAS19-R and the restatement related to the investment in Banco Popular Español.

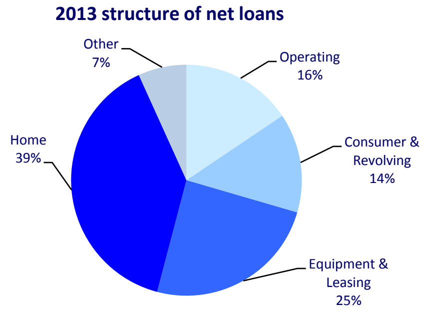
	2013	2012	2011
Net banking income	**8,445**	8,159	7,740
Operating income	**2,282**	2,057	1,503
Net income	**1,484**	1,200	1,086
Net income attributable to the group	**1,211**	930	852
Cost-to-income ratio[1]	**62%**	63%	63%

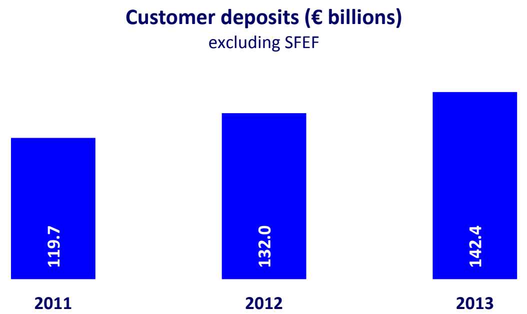
(1) Ratio of overheads to net banking income *€ millions*

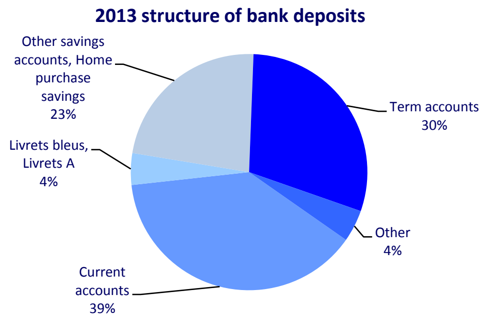


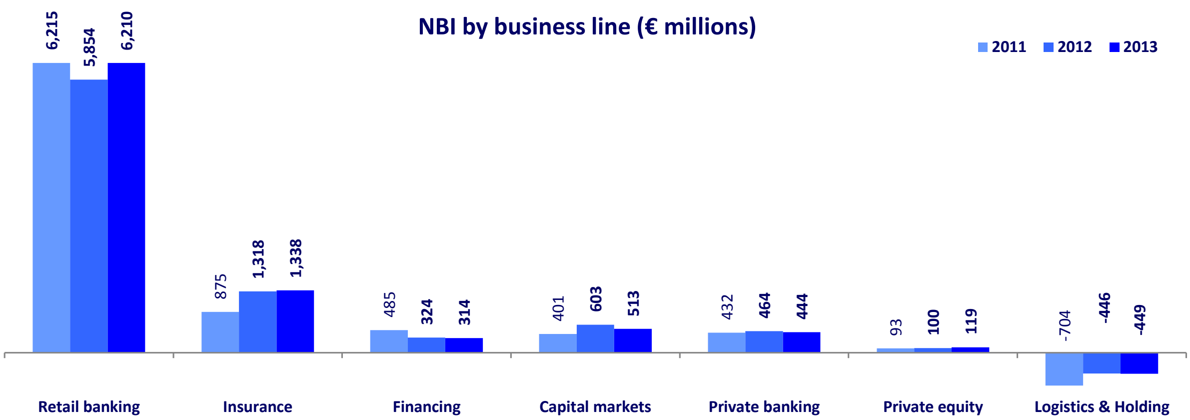












V.2 - BFCM Group management report

V.2.1 - A turning point

As compared with 2012, when much focus was on the sovereign debt crisis, 2013 saw a substantial rebound in confidence among private-sector market participants and an upturn for large developed countries, particularly within the European Union, where economic conditions finally ceased to deteriorate.
The central banks took active monetary policy measures to support this recovery with ongoing quantitative easing in the euro zone and measures that amounted virtually to monetary shock treatment in Japan. On the other hand, in the United States, confirmation of a robust trend fuelled by private consumer spending enabled the central bank to start reducing the scope of its action.
These improvements triggered a significant rebound of financial flows into Europe and the United States, which had a strongly adverse impact on emerging economies, which were big losers in the context of such international dynamics.

Europe: light at the end of the tunnel

The structural changes undertaken by governments and the easing of fiscal austerity measures consented to by the European Commission boosted investor confidence and contributed to a rebound in activity. The ECB, which chose to pursue a highly accommodating policy while reassuring the markets as to its capacity to intervene when necessary, also played a key role. Despite several political crises (Italy, Spain and Portugal) and great uncertainty linked to the restructuring of Cyprus' banks in the early part of the year, growth turned positive in the second quarter and forecasts confirm that the worst is now behind us.
This more positive environment led to lower refinancing costs for the Member States experiencing the greatest difficulties, in particular enabling Ireland to become the first euro zone country to exit the financial aid program put in place by the Troika (ECB, European Commission and IMF). At the same time, Europe moved forward with the project of a single European banking supervision system, the first stages of which are expected to materialize in 2014. This should break the links between banking risk and sovereign risk by strengthening the financial sector and stimulating lending, which has become increasing scarce.
The recovery will nonetheless remain modest as the private and public sectors continue to reduce debt over the coming quarters. Moreover, very disparate situations can be seen: while Germany remains a growth engine with a continuing positive trend, France is still struggling to find new sources of growth. The leading purchasing managers' indicators were again pointing downwards at the end of the year while industrial production and exports remained depressed. Reform has nonetheless continued, with, in particular in the middle of the year, a law on banking regulation designed to ensure stronger consumer protection and the segregation of the most risky market activities within independent subsidiaries.

United States: the monetary policy saga

Consumer spending benefited from several positive factors: a steady rise in disposable income, wealth generated by rising real-estate prices and financial markets and a slow improvement in the jobs market.
However, the U.S. economy was forced to contend with a period of unprecedented fiscal austerity and, from mid-2013, a sharp rise in sovereign yields. Moreover, a severe political deadlock, resulting in the temporary closure of some federal agencies, prompted businesses to be cautious in terms of their investment policies.
After blowing hot and cold throughout the second half, the Fed finally decided in December to curb money creation. The monthly purchasing program was cut back from $85 billion to $75 billion per month and its termination is now scheduled some time in 2014.

Japan: monetary shock treatment

The year 2013 also marked a radical change in Japan's strategy with the new Prime Minister Abe putting in place an unprecedented three-pronged action plan based on structural reform and fiscal and monetary stimulus. The program is very ambitious as it relies on a gradual change in the behavior of private-sector agents, in particular through better integration of women and foreigners within the working population and redistribution of corporate earnings through wage increases.

However, these changes take time and the first results, already mixed, may ultimately be disappointing, which will force the Japanese central bank to step up the pace of monetary easing in 2014, which would have an adverse effect on the Japanese currency.

Emerging countries: slipping back down the growth ladder

The depressed economic conditions in developed countries and central bank activism had prompted investors to turn much of their attention to emerging countries. However, in 2013, given the uncertainty with regard to future liquidity conditions in the United States, investors withdrew significantly. These movements resulted in significant weakening of local currencies, forcing the authorities to raise their key rates to halt capital outflows and combat accelerating inflation. This cycle of monetary tightening has weighed heavily on economic conditions and will continue to do so over the medium term.
China remains a special case due to the capital controls it imposes at its borders. The year 2013 was nonetheless a pivotal year for China too with the arrival of a new government team and a policy of structural change. In particular, the government has undertaken to regulate financing activities more strictly and improve the transparency of financial institutions in order to contain the real-estate bubble and have greater control over shadow banking. Another central goal of the changes is to reduce borrowing by local authorities to finance large investment projects, whose returns are on the whole diminishing, in order to artificially boost growth. Combatting these imbalances will limit the capacity for a rebound in GDP, whose growth rate is expected to slow gradually, albeit remaining above 7%.

V.2.2 - Key financial points relating to the consolidated financial statements of Banque Fédérative du Crédit Mutuel.

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of such standards, the consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with IFRS as adopted by the European Union at December 31, 2013. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The summary statements are presented in accordance with ANC recommendation 2013-R.04.

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

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

The Group has applied IAS 19R, on employee benefits, early, as from January 1, 2012.

Note: The table of new accounting standards applied as from January 1, 2013 is presented in Note 1.1 to the consolidated financial statements.

V.2.2.1 - Consolidation scope

The general principles for the inclusion of an entity in the consolidation scope are defined in IAS 27, IAS 28 and IAS 31. The consolidation scope comprises entities under exclusive control, entities under joint control and entities over which the Group exercises significant influence.

Note: definitions of the various types of control and influence are presented in Note 1.2 to the consolidated financial statements.

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

V.2.2 - Changes in the scope of consolidation

The changes in the BFCM Group's scope consolidation in the year ended December 31, 2013 were as follows:

Additions to the scope of consolidation:
CM-CIC Proximité (private equity); SCI Eurosic Cotentin (other activities).

Mergers/acquisitions:
TUP France EST with BFCM; TUP Promopresse with Le Dauphiné Libéré.

Removals from the scope of consolidation:
Est Imprimerie, Inter'Print, Imprimerie Michel, SCI Gutenberg, SDV Plurimédia and Alternative Gestion SA.

Change of name:
Dubly-Douilhet changed its name to Dubly-Douilhet Gestion.

V.2.3 - BFCM Group activity and results

V.2.3.1 - Analysis of the consolidated statement of financial position

The total consolidated statement of financial position of the BFCM Group was €399.7 billion at end-2013, compared with €397.2 billion at end-2012 (+0.6%).

Financial liabilities at fair value through profit or loss amounted to €30.0 billion, compared with €30.9 billion the previous year. These financial liabilities were mainly derivatives and other trading financial liabilities, as well as amounts due to credit institutions and measured at fair value through profit or loss.

Liabilities due to credit institutions amounted to €19.9 billion, compared with €34.5 billion in 2012 (-42.3%). This decrease was due primarily to the repayment of the Long Term Refinancing Operations (LTRO), in an amount of €9.5 billion, on January 31, 2013.

Issues of debt securities other than those measured at fair value through profit or loss totaled €97.9 billion versus €93.5 billion in 2012 (+4.7%). Interbank instruments and money market securities accounted for the bulk of these, with an outstanding amount of €47.9 billion, followed by bonds (€48.5 billion). The balance comprised retail certificates of deposit and various other securities.

The line item "Due to customers" on the liabilities side of the statement of financial position comprises customer savings deposits, including accrued interest. These deposits increased by 7.9% to €142 billion in 2013[6], confirming the significant recovery of savings-related inflows. The contribution of CIC entities alone represented 79% of this total, or €112.6 billion, whereas Targobank Germany contributed 7.9%, or €11.2 billion, Cofidis Group contributed €0.6 billion and Targobank Spain contributed €0.8 billion.

Technical reserves of insurance companies, representing liabilities to policyholders, came to €66.2 billion (+6.7%), of which €58.6 billion comprised customer savings entrusted to the life insurance companies of Groupe Assurances du Crédit Mutuel (GACM).

The minority interests shown as liabilities (€3.5 billion at the end of 2013) mainly related to other Crédit Mutuel companies' shareholdings in Groupe des Assurances du Crédit Mutuel (GACM, of which they own 27% of the capital), external shareholders within CIC (7% of capital) and the outside shareholders of the Cofidis Group (45% of the capital).

On the assets side, loans and receivables due from credit institutions decreased by 22.0% between 2012 and 2013 to €55.3 billion.

Total loans and receivables due from customers rose from €165.8 billion to €169.6 billion (+2.3%) in 2013.

Nearly 80% of all loans are granted through CIC entities (€136.7 billion). The loan portfolio of BECM represents 6% of total loans outstanding (€10.1 billion), followed by Targobank Germany (€10.6 billion), Cofidis Group (€8.9 billion), Targobank Spain (nearly €1.1 billion) and Banque Casino (€0.3 billion).

Financial assets at fair value through profit or loss amounted to €41.3 billion compared to €43.1 billion in 2012.

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[6] Customer deposits excluding SFEF (2.8 billion).

Goodwill (totaling €4.2 billion) resulted mainly from the acquisition of Targobank Germany securities in December 2008 (€2.8 billion), the acquisition of a €0.4 billion stake in the Cofidis Group in early March 2009, CIC securities (residual goodwill of €506 million) and Targobank Spain securities for €183 million.

V.2.3.2 - Analysis of the consolidated income statement

Net banking income rose from €8,159 million in 2012 to €8,445 million in 2013.

General operating expenses increased to €5.2 billion from €5.1 billion at December 31, 2012 (+0.2%).

Net additions to provisions for loan losses were on a par with those in 2012 (€965 million; +0.3%). The net provisioning for known risks (excluding collective provisions) in relation to outstanding loans increased from 0.50% to 0.51% and the overall non-performing loans provisioning ratio was 69.8% at December 31, 2013.

Net income amounted to €1,484 million, up from €1,200 million in 2012.

V.2.3.3 - Breakdown by business segment:

BFCM Group's business segments reflect its organizational structure, which is presented in detail in this document. The reader may also refer to Note 2 to the financial statements "Analysis of statement of financial position and income statement items by activity and geographic region", as well as Note 3 "Scope of consolidation", which presents the selected groupings.

V.2.3.3.1 - Retail banking

Retail banking is the BFCM Group's core business. It comprises the Banque Européenne du Crédit Mutuel, the CIC network, CIC Iberbanco, the Targobank branches in Germany and Spain, the Cofidis Group, Banque Casino and all specialized activities for which the networks handle product marketing, such as equipment leasing and leasing with purchase option, real estate leasing, vendor credit, factoring, fund management and employee savings.

All of these businesses performed well in 2013. Deposit taking increased by 6.7%. Outstanding loans also increased, but at a slower pace (+2.9%).

(€ millions)	2013	2012	Change
Net banking income	6,210	5,854	+6.1%
Operating expenses	(3,754)	(3,748)	+0.1%
Gross operating income	2,457	2,106	+16.7%
Income before taxes	1,621	1,243	+30.4%
Net income/(loss)	1,089	787	+38.5%

Net banking income from retail banking totaled €6,210 million, compared to €5,854 million in 2012. The largest contributions came from the CIC banking networks (€3,111 million), Targobank Germany (€1,361 million) and Cofidis (€1,137 million).

This growth was attributable to an increase in the interest margin and growth in net commission income.

General expenses remained stable on the whole at €3,754 million.

The cost of risk (net additions to provisions for loan losses) totaled €884 million, compared to €774 million in 2012.

Net income therefore amounted to €1,089 million versus €787 million in 2012.

V.2.3.3.2 - Insurance

BFCM Group expanded its insurance activities through the subsidiaries of the Groupe des Assurances du Crédit Mutuel (GACM) holding company, including in particular ACM VIE SA, SERENIS VIE, ACM IARD, SERENIS ASSURANCES, PARTNERS ASSURANCES in Belgium and ICM LIFE in Luxembourg. The GACM companies do business in life and non-life insurance, insurance brokerage and reinsurance. The products are marketed through the CM-CIC networks.

The year 2013 marked the first year in which the Spanish subsidiary Agrupacio was consolidated.

(€ millions)	2013	2012	Change gross	Change constant scope
Net banking income	1,338	1,318	+1.5%	-2.7%
Operating expenses	(391)	(335)	+17.0%	+2.4%
Gross operating income	946	983	-3.8%	-4.4%
Income before taxes	918	942	-2.6%	-3.3%
Net income/(loss)	575	568	+1.1%	+0.4%

Consolidated insurance revenue increased to €9.6 billion, a 21% increase as compared to 2012: +29.3% for life insurance, +3.5% for personal insurance, +5.7% for automobile insurance and +8.8% for home insurance.

Net premium income totaled €1,338 million in the year ended December 31, 2013 compared to €1,318 million in 2012, following remittances to the retail networks totaling €1,074 million. The Group reported net income of €575 million, compared to €568 million in 2012.

V.2.3.3.3 – Financing Activities

Financing activities (corporate banking) include the financing of large corporate and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and financing carried out by foreign branches.
As of December 31, 2013, the Group’s financing activities included €12 billion in credits (-8%) and €8.7 billion in deposits (+56%).

(€ millions)	2013	2012	Change
Net banking income	314	324	-3.2%
Operating expenses	(89)	(92)	-3.4%
Gross operating income	225	232	-3.1%
Income before taxes	187	171	+9.6%
Net income/(loss)	124	131	-5.5%

Net banking income totaled €314 million (€324 million in 2012), with the decline due to lower margins following efforts to win new customers. General operating expenses and overall cost of risk (net additions to provisions for loan losses) fell by 3.4% and 38%, respectively. Net income was therefore €124 million, compared with €131 million at end-2012.

V.2.3.3.4 - Capital market activities

BFCM and CIC have consolidated their capital market activities within the same organization, CM-CIC Marchés, which carries out the CM11-CIC Group refinancing and commercial and proprietary trading activities from offices in Paris and Strasbourg, and through branches in New York, London, Frankfurt and Singapore.

These transactions are recognized on two balance sheets:

- BFCM for the refinancing business, and
- CIC for the commercial and proprietary trading activities in fixed-income products, equities and credits.

The group has continued to secure and diversify its sources of funding and to assist many customers with their bond issues. It has also successfully extended its investment skills to customers for placements and hedging of financial risks.

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

(€ millions)	2013	2012	Change
Net banking income	513	603	-15.0%
Operating expenses	(184)	(196)	-6.3%
Gross operating income	329	407	-19.2%
Income before taxes	322	383	-15.9%
Net income/(loss)	204	230	-11.3%

For the year ended December 31, 2013, net banking income totaled €513 million, compared to €603 million in 2012. General operating expenses and net additions to provisions for loan losses decreased by 6.3% and 71%, respectively. Net income totaled €204 million, compared with €230 million at end-2012.

V.2.3.3.5 - Private banking

The Group's private banking activities develop know-how in financial and wealth management, which is offered to the families of business owners and private investors worldwide, and more particularly in Europe and Asia.

In France, the Group's private banking activities are carried out through two major players:
- CIC Banque Privée, which is part of the CIC network and mainly targets senior executives;
- CIC Banque Transatlantique, whose tailor-made services, aimed largely at French nationals living abroad, include private banking and stock options.

Internationally, the group has operations, some of them long-established, in countries and areas where private banking offers growth potential: Luxembourg, Switzerland, Belgium, and Asia.
Its brands offer nearly 180,000 customers a wide range of high value added services.
The Group's private banking activities have €103 billion of assets under management, €14 billion in commitments and employs 1,900 people.

(€ millions)	2013	2012	Change
Net banking income	444	463	-4.0%
Operating expenses	(329)	(334)	-1.4%
Gross operating income	115	129	-10.8%
Income before taxes	108	106	+1.5%
Net income/(loss)	70	79	-11.3%

Net banking income decreased to €444 million in 2013 from €463 million in 2012, mainly as a result of the drop in the interest margin. The cost of risk (net additions to provisions for loan losses) decreased sharply to €8 million (a €22 million decrease), largely reflecting the fact that the 2012 result was still affected by a residual overhang of Greek sovereign debt. Nevertheless, net income fell by 11% to €70 million.

V.2.3.3.6 - Private equity

Private equity is a key pillar of our commercial strategy, enabling us to assist corporate clients of the Crédit Mutuel and CIC networks in bolstering their shareholders' equity over the medium to long term (seven to eight years).This business activity is carried out by CM-CIC Capital Finance, which is France's leading banking private equity player, with €2.5 billion of assets under management and 550 companies in its portfolio.

(€ millions)	**2013**	**2012**	**Change**
Net banking income	119	100	+19.0%
Operating expenses	(34)	(34)	-1.2%
Gross operating income	85	66	+29.5%
Income before taxes	85	66	+29.3%
Net income/(loss)	86	67	+26.9%

CM-CIC Capital Finance and its subsidiaries generated €119 million in net banking income in 2013 compared with €100 million in 2012. Net income was up by nearly 27% to €86 million

V.2.3.3.7 - Logistics

The "Logistics" division includes purely logistics entities: intermediary holding companies, operating real estate housed within specific companies, the group IT companies, EI Telecom, Euro protection Surveillance and the press division.

(€ millions)	**2013**	**2012**	**Change**
Net banking income	301	314	-3.9%
Operating expenses	(333)	(342)	-2.5%
Gross operating income	(32)	(28)	ns
Income before taxes	(5)	(3)	ns
Net income/(loss)	(9)	(5)	ns

The net banking income of this activity amounted to €301 million (compared to €314 million at the end of 2012) and includes the net banking income of the Targobank Germany and Cofidis logistics subsidiaries, as well as the sales margin of the press division.

The Logistics activity posted a net loss of €9 million in 2013 compared with a net loss of €5 million in 2012.

V.2.3.3.8 - Holding

The Holding company, which has no operational activities, oversees and coordinates the activities of the subsidiaries.

In 2013, this activity reported negative net banking income of €750 million and a net loss of €655 million. These figures include the cost of refinancing Targobank Germany, the shortfall in working capital at BFCM, Targobank and Cofidis goodwill amortization, the CIC business development plans and the impairment of the equity interest in BPM.

V.3 - Recent developments and outlook

The economic situation is uncertain. In France and elsewhere in Europe, structural reforms may take a back seat due to the lack of room to maneuver. Our business will be very sensitive to the uncertainty governing the economic outlook.

V.4 - Risk Report

This section sets out the information required by IFRS 7 regarding risk exposures arising from financial instruments.
The figures provided in this section have been audited, except for those specifically marked with an asterisk(*), which have been checked for accuracy and consistency as stipulated in Article L.823-10 of the French Commercial Code, as has the rest of the board of directors' management report.
The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.
The risk management department consolidates overall risk control and optimizes risk management as regards the regulatory capital allocated to each business and return on equity.

V.4.1 - Credit risk

V.4.1.1 - Organization of the lending unit

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:

- loan origination procedures; and
- risk assessment, the monitoring of commitments and management of at-risk items.

The lending unit and exposure management are organized based on a single set of guidelines that sets forth the rules and practices applicable within the Group.

V.4.1.1.1 - Loan origination procedures

Credit approval is based on know-your-customer, risk assessment and commitment decision procedures.

Know-your-customer

The Group relies on the close ties it has established in the communities in which it operates as the basis for obtaining information about existing and prospective customers, which the Group places into several risk-based categories that help determine the targeting of marketing efforts. A loan file is prepared to support the loan origination process.

Risk assessment

Risk assessment draws on various analyses performed at different stages in the lending cycle including, in particular:

- customer ratings;
- risk groups; and
- the weighting of products according to the type of risk involved and the collateral and guarantees pledged.

The relevant Group employees receive periodic training on risk management and assessment.

Customer ratings: a single system for the entire Group

In accordance with the applicable regulations, the Group's internal customer rating system is at the core of the Group's credit risk procedures and used in determining approval, payment, pricing and monitoring. All loan origination decisions are based on the counterparty's rating. The lending unit approves the internal ratings of all loan files for which it is responsible.
The Group has developed rating algorithms and expert models to improve its credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.
This rating system is common to the entire Crédit Mutuel Group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.
The Group's counterparties that are eligible for internal approaches are rated by a single system.
Models (algorithms or grids) are used to differentiate and correctly classify risk. The assessment scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).

Monitoring of the rating models focuses on three aspects: stability assessment, performance and additional analyses. CNCM is responsible for this monitoring, which covers each rating model.

Risk groups (counterparties)
Individuals or legal entities that are related in such a way that if one of them encounters financial problems it is likely that the others will follow, are considered as a single beneficiary.
The risk groups are established based on a procedure that incorporates the provisions of Article 3 of CRBF regulation 93-05.

Product and guarantee weightings
When assessing the counterparty risk, the Group may apply a weighting of the nominal commitment, based on a combination of the loan type and the nature of the guarantee.

Loan origination process
The loan origination process is essentially based on:

- a formalized risk analysis of the counterparty;
- the internal rating applied to the counterparty or group of counterparties;
- approval levels;
- review of the loan file by a separate team under the group's dual review principle;
- whether the loan falls within maximum discretionary lending limits that have been determined in proportion to the local lending bank's equity;
- whether the interest rate and other fees are adapted to the loan's risk profile and capital consumption.

The group uses a real-time automated decision-making circuit. As soon as a loan application has been completed, the electronic loan file is automatically transmitted to the relevant decision maker at the appropriate level.

Approval levels
The customer relationship manager is responsible for ensuring the completeness, quality and reliability of the information collected. In accordance with Article 19 of CRBF regulation 97-02, the manager compiles loan files intended to formalize all qualitative and quantitative information on each counterparty. The manager checks the reliability of the information gathered either with customers or using any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal. Customer relationship managers are each responsible for any decisions they take or cause to be taken and are endowed with personal approval powers.

For loan files whose amount exceeds the personal approval powers, the decision falls to a Loan Origination Committee whose operating rules are set by procedures.

Approval powers reflect a range of commitment caps based on:

- the rating;
- the total amount of commitments for a given counterparty or risk group, weighted where relevant depending on the type of loan concerned or the eligible guarantees;
- any specific exclusions.

Role of the lending unit
The lending unit is present at various operational levels. Coordination of the unit and involvement in the key tasks and files are carried out from Strasbourg (CM) and Paris (CIC). Specialized teams also provide a regional presence wherever the Group operates.

The lending unit has two key roles and is therefore split into two independent teams, whose responsibilities are as follows:

- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken;
- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

V.4.1.1.2 - Risk assessment, commitment monitoring procedures and management of at-risk items

In accordance with the prevailing regulations, commitments are monitored by national and regional entities.

Risk assessment

To assess risk, BFCM Group uses an array of tools that provide an aggregated, static and dynamic view of:

- the exposure to a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to suit the business lines concerned (rating, market, lending products, business segments, remuneration, etc.).

Each commercial entity uses information systems to check compliance with the limits assigned to each of its counterparties on a daily basis.

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.

This monitoring is conducted independently from the loan origination process and is in addition to and in coordination with the actions taken mainly by first-level control in the lending units, permanent control and the Risk Department. The objective is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The group also conducts internal reviews of counterparties to set "major risks" limits, determined based on either the bank's equity under CRBF regulation 93-05 in the case of regulatory limits, or equity and internal counterparty ratings in the case of corporate limits, using the methods (including those covering frequency) defined in the procedures specific to this area.

Advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit) are also used to monitor account functioning anomalies and overruns, on the basis of both external and internal criteria, in an automated, systematic and comprehensive manner. These criteria are used to identify loans for special handling as early as possible.

Permanent controls on commitments

The network permanent control function, which is independent of the lending function, performs second level controls on credit risk. Counterparties exhibiting warning signs are reviewed, and entities with multiple negative indicators are identified. The aim of the control is to ensure that appropriate "risk" strategies are applied and suitable remedial action implemented.

This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

A unified definition of default based on Basel and accounting requirements

The entire Credit Mutuel group uses a unified definition of default, which draws a correlation between the Basel concept of default and the accounting notion of non-performing loans and loans in litigation as a result of an alignment of prudential rules to accounting regulations (CRC 2002-03). The computer applications take contagion into account, which also allows related loans to be downgraded.

Identification of at-risk items

The objective of the process is to identify all loans to be placed on credit watch and allocate them to the applicable category: sensitive (not downgraded), non-performing or in litigation. All loans are subject to an automatic monthly identification process using internal and external indicators that have been parameterized in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transfer to non-performing, provisioning and reclassification as performing

Adjustments associated with the transfer to non-performing, provisioning and the reclassification as performing comply with the prevailing prudential rules and are processed automatically monthly, which ensures the process is exhaustive.

Management of customers downgraded to non-performing or in litigation
The counterparties concerned are managed differently according to the severity of the situation: at the branch level by the customer relationship manager or dedicated teams specialized by market, type of counterparty or collection method.

Reporting

Risk Committee
In accordance with the provisions of CRBF regulation 97-02, the various bodies concerned, particularly the Risk Committee, are informed of changes in lending commitments at least once every quarter. In addition, they are informed of and participate in decisions on revisions to the various credit management measures.

Information provided to management
Detailed information on credit risks and related procedures is provided to the general management. This information is also presented to a Risk Monitoring Committee in charge of examining the strategic challenges faced by the BFCM Group in terms of risks, in accordance with applicable regulations.

V.4.1.2 - Quantified data

V.4.1.2.1 - Summary credit-risk exposure (balance sheet and off-balance sheet).

2013 was characterized by growth in lending to customers and stable cost of risk, with net additions to provisions at a similar level to 2012.

Exposure

Total gross exposure amounted to €229.3 billion, down by 4.8% compared with the end of 2012. Loans to customers totaled €176.7 billion, up by 3.2% relative to 2012, while loans to credit institutions were down by 24.3%.

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012
Loans & receivables		
Credit institutions	52,689	69,580
Customers	176,655	171,256
Gross exposure	**229,344**	**240,837**
Impairment provisions		
Credit institutions	-4	-280
Customers	-7,545	-6,275
Net exposure	**221,796**	**234,281**

Source: Accounting - excluding repurchase agreements.

Exposure on commitments given

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012
Financing commitments given		
Credit institutions	3,776	3,815
Customers	39,510	37,090
Guarantee commitments given		
Credit institutions	1,999	1,317
Customers	14,779	13,309
Provision for risks on commitments given	**116**	**111**

Source: Accounting - excluding repurchase agreements.

Customer loans

Loans to customers totaled €176.7 billion, up by 3.2% relative to 2012. On-balance sheet medium and long-term loans increased by 4.8%, while short-term loans were down by 2.9%.

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012
Short-term loans	**49,936**	**51,403**
Overdrawn current accounts	6,876	7,252
Commercial loans	4,877	4,722
Short-term credit facilities	37,690	38,964
Export credits	494	465
Medium- and long-term loans	**115,608**	**110,268**
Equipment loans	32,735	31,199
Housing loans	66,238	63,746
Finance leases	8,890	8,436
Other loans	7,746	6,887
Total gross customer loans, excluding non-performing loans and accrued interest	**165,545**	**161,671**
Non-performing loans	10,828	9,270
Accrued interest	307	315
Total gross customer loans	**176,680**	**171,257**

Source: Accounting - excluding repurchase agreements.

Unless otherwise specified, the comments, outstanding loans and analyses set out below (except for the "Home loans" and "Geographical risk" sections) do not include Targobank Germany, the Cofidis Group, Targobank Spain and Banque Casino.

Quality of the portfolio

The loan portfolio is of high quality. On the internal rating scale, which has nine non-default levels, customers in the best eight categories accounted for 97.2% of the outstanding loans.

Performing loans to customers by internal rating	Dec. 31, 2013 in %	Dec. 31, 2012 in %
A+ and A-	30.4%	27.4%
B+ and B-	29.7%	33.0%
C+ and C-	27.0%	25.7%
D+ and D-	10.1%	11.3%
E+	2.8%	2.5%

Source: Risk Management.

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

Focus on Home loans

Outstanding home loans increased by 3.9% in 2013 and accounted for 40% of total gross customer loans. Home loans are spread among a very large number of customers and are secured by real property sureties or first-rate guarantees.

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012
Housing loans	**66,238**	**63,746**
Secured by Crédit Logement or Cautionnement Mutuel Habitat	24,759	22,281
Secured by mortgage or equivalent, low-risk guarantee	33,943	34,221
Other guarantees (1)	7,536	7,244

Source: Accounting. (1) Other risk-level mortgages, pledges, etc.

Breakdown of loans by customer type

The breakdown of loans by customer type shown below includes all the BFCM Group entities.

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
Retail	66%	65%
Corporates	29%	29%
Large corporates	3%	3%
Specialized financing and other	2%	2%

Source: Risk Management.

Geographical breakdown of customer risk

98% of the identified country risks is in Europe. With minor exceptions, the country risk exposure of the portfolio is centered on France and the OECD countries.

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
France	84%	85%
Europe, excluding France	14%	13%
Rest of the world	2%	2%

Source: Accounting.

Concentration risk/Exposure by segment

The tables below are based on the Basel II calculator for the CM11-CIC Group.
In accordance with Article 4.1 of CRBF regulation 2000-03, the following subsidiaries are exempt from monitoring on an individual or sub-consolidated basis: BFCM, CM-CIC Home Loan SFH and CIC Iberbanco. The other regulated entities are subject to monitoring on an individual or sub-consolidated basis.

*Exposure of the CM11-CIC Group by category**

(in € billions)	Exposure as of Dec. 31, 2013			Exposure as of Dec. 31, 2012			Average exposure 2013
	IRB	Standard	Total	IRB	Standard	Total	
Governments and central banks		66	66		63	63	60
Institutions	29	8	37	33	9	42	40
Corporate	98	11	110	90	10	100	104
Retail customers	205	38	243	199	36	235	241
Stock	3	0	3	3	0	3	3
Securitization	4	0	4	4	0	4	4
Other non-credit obligation assets	5	1	5	5	1	5	5
TOTAL	**344**	**125**	**469**	**333**	**119**	**453**	**458**

Source: Basel II calculator - CM11-CIC Group consolidation scope.

Historically, Crédit Mutuel's priority has been to develop a customer base of private individuals. CIC, which was originally geared more toward the corporate market, has gradually gained strength in the retail banking segment. However, it continues to serve corporates.
The composition of the Group's portfolio clearly reflects these principles, as evidenced by the fact that the share of retail customers held steady at 52% in 2013.

Exposure by country of residence of the CM11-CIC Group's counterparty

Category of exposure as of Dec. 31, 2012	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	11.5%	0.6%	1.6%	1.2%	14.9%
Credit institutions	5.4%	0.4%	1.1%	0.8%	7.7%
Corporate	18.7%	0.8%	1.9%	1.6%	23.0%
Retail customers	48.4%	3.5%	1.5%	1.1%	54.5%
TOTAL	**83.9%**	**5.3%**	**6.1%**	**4.8%**	**100%**

Source : Basel II calculator - CM11-CIC Group consolidation scope.

Category of exposure as of Dec. 31, 2012	France	Germany	Other EEA member countries	Rest of the world	Total
Governments and central banks	11.4%	0.5%	1.2%	1.6%	14.7%
Credit institutions	5.9%	0.3%	0.7%	1.0%	7.9%
Corporate	18.3%	0.7%	2.0%	1.8%	22.8%
Retail customers	48.7%	3.2%	1.5%	1.1%	54.6%
TOTAL	**84.2%**	**4.8%**	**5.5%**	**5.5%**	**100%**

Source : Basel II calculator - CM11-CIC Group consolidation scope.

The Group is primarily a French and European player. The geographic breakdown of gross exposures at Tuesday, December 31, 2013 reflects this as 95.3% of its commitments are in the European Economic Area.

Exposure of the CM11-CIC Group by sector

The sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.

Sector	Dec. 31, 2013 in %	Dec. 31, 2012 in %
Governments and central banks	15.60%	15.51%
Individuals	45.97%	45.20%
Banks and financial institutions	7.13%	8.39%
Individual entrepreneurs	3.19%	3.23%
Agriculture	1.49%	1.38%
Non-profit	0.54%	0.47%
Travel and leisure	1.17%	1.06%
Chemicals	0.25%	0.26%
Retail	3.74%	3.61%
Automotive	0.78%	0.77%
Building and construction materials	2.61%	2.50%
Industrial goods and services	2.32%	2.24%
Healthcare	0.61%	0.55%
Other financial sector	1.83%	1.90%
Industrial transportation	1.34%	1.39%
Household goods	0.59%	0.60%
Real estate	3.57%	3.48%
Utilities	0.49%	0.56%
Agri-food and drink	1.42%	1.35%
Media	0.43%	0.44%
Holding companies, conglomerates	2.08%	2.24%
Cutting-edge technologies	0.90%	0.77%
Oil and gas, commodities	1.25%	1.37%
Telecommunications	0.36%	0.34%
Other	0.34%	0.38%
Total	**100.00%**	**100.00%**

Source : Basel II calculator - CM11-CIC Group consolidation scope.

Major risks (€m = € millions)

Corporate

Concentration of customer credit risk	Dec. 31, 2013	Dec. 31, 2012
Gross commitments in excess of €300m		
Number of counterparty groups	36	28
Total commitments (€m)	23,840	20,269
of which total statement of financial position (€m)	*8,066*	*7,726*
of which total off-statement of financial position guarantee and financing commitments (€m)	*15,773*	*12,543*
Gross commitments in excess of €100m		
Number of counterparty groups	129	133
Total commitments (€m)	38,891	38,624
of which total statement of financial position (€m)	*15,983*	*16,340*
of which total off-statement of financial position guarantee and financing commitments (€m)	*22,908*	*22,284*

Source : DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

Banks

Concentration of customer credit risk	Dec. 31, 2013	Dec. 31, 2012
Gross commitments in excess of €300m		
Number of counterparty groups	10	12
Total commitments (€m)	6,913	8,884
of which total statement of financial position (€m)	*4,496*	*7,039*
of which total off-statement of financial position guarantee and financing commitments (€m)	*2,416*	*1,845*
Gross commitments in excess of €100m		
Number of counterparty groups	29	29
Total commitments (€m)	10,671	12,062
of which total statement of financial position (€m)	*7,286*	*9,714*
of which total off-statement of financial position guarantee and financing commitments (€m)	*3,384*	*2,348*

Source : DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

Amount at-risk and cost of risk (net additions to/reversals of provisions for loan losses)

Non-performing loans and loans in litigation totaled €10,804 million at December 31, 2013 compared with a restated total of €10,432 million at the end of 2012. These loans accounted for 6.1% of total customer loans in 2013 versus 6.0%[7] in 2012.

At the end of 2013, actual net provisioning for known risks represented 0.506% of gross outstanding customer loans, compared with 0.491%[5] at December 31, 2012. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.527% of the gross outstanding

[7] *Figures restated following reconstitution of €1,163 million of loans fully amortized since over 5 years on TARGOBANK Germany*

customer loans, compared with 0.522%[5] at December 31, 2012. The table below summarizes the main components.

Cost of risk (net additions to/reversals from provisions for loan losses)

	Dec. 31, 2013	Dec. 31, 2012 (1)	Dec. 31, 2012
Cost of total customer risk	**0.527%**	**0.522%**	**0.526%**
Banking networks[a]	0.29%	0.20%	0.20%
Individuals	*0.09%*	*0.08%*	*0.08%*
Housing loans	*0.07%*	*0.07%*	*0.07%*
Consumer credit - Targobank Germany	1.25%	1.43%	1.57%
Consumer credit - Cofidis	3.49%	3.92%	3.92%
Financing[b]	0.20%	0.48%	0.48%
Private banking	0.10%	0.31%	0.31%

Source: DGR and Accounting
CIC, BECM, CIC Iberbanco, Targobank Spain (excluding Targobank Germany, Cofidis and support subsidiaries in the network). *b. Large corporates, International (incl. foreign branches), Specialized financing.*

Quality of customer risks

(in € millions, year-end principal balances)	Dec. 31, 2013	Dec. 31, 2012 (1)	Dec. 31, 2012
Individually impaired receivables	10,804	10,432	9,269
Provision for individually impaired receivables	6,959	6,949	5,785
Provision to collectively impaired receivables	586	490	490
Coverage ratio	69.8%	71.3%	67.7%
Coverage ratio (provision for individually impaired receivables only)	64.4%	66.6%	62.4%

Source: Accounting.

Outstanding loans to customers that are overdue but not impaired

Dec. 31, 2013 (in € millions)	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	**0**	**0**	**0**	**0**	**0**
Loans & receivables	**1,771**	**18**	**22**	**12**	**1,822**
Governments	0	0	0	0	0
Credit institutions	1	0	0	0	1
Non-financial institutions	6	0	0	0	6
Large corporates	394	2	18	9	422
Retail customers	1,370	16	3	3	1,394
Total	1,771	18	22	12	1,822

(1) Available-for-sale or held-to-maturity debt securities.

Dec. 31, 2012 (in € millions)	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	TOTAL
Debt instruments (1)	**0**	**0**	**0**	**0**	**0**
Loans & receivables	**2,055**	**17**	**11**	**16**	**2,099**
Governments	1	0	0	0	1
Credit institutions	10	0	0	0	10
Non-financial institutions	0	0	0	0	0
Large corporates	421	1	5	10	437
Retail customers	1,624	16	5	5	1,651
Total	2,055	17	11	16	2,099

(1) Available-for-sale or held-to-maturity debt securities.

V.4.1.2.3 - Interbank loans*

Interbank loans by geographic region

	Dec. 31, 2013 in %	Dec. 31, 2012 in %
France	33.3%	43.1%
Europe, excluding France	38.8%	34.2%
Rest of the world	27.9%	22.7%

Source: Counterparty Financial Information Department.

Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

The breakdown of interbank loans is based on the country of the parent company.

At the end of 2013, exposures related mainly to European and North American banks.

The proportion of interbank loans located in France decreased, while the proportion of loans in the other regions increased overall.

Structure of interbank exposure by internal rating

	Equivalent external rating	Dec. 31, 2013 in %	Dec. 31, 2012 in %
A +	AAA/AA+	0.1%	0.1%
A -	AA/AA-	24.1%	32.5%
B +	A+/A	51.4%	43.3%
B -	A-	8.5%	10.3%
C and below	BBB+ and below	15.9%	13.5%
Not rated		0.0%	0.3%

Source: Counterparty Financial Information Department.

Banks only (excluding Targobank Germany, Targobank Spain and Cofidis).

In 2013, the change in the structure of BFCM's interbank exposure based on the internal rating was marked by: i) a decrease in the proportion of loans rated A- (external equivalent AA/AA-) and ii) an increase in the proportion of loans rated B+ (external equivalent A+/A) and a slight increase in the proportion of loans rated C+ or lower (external equivalent BBB+).

All in all, 84% of outstanding loans were rated B or A (i.e. at least A- in equivalent external ratings) compared to 86% the previous year.

V.4.1.2.4 - Sovereign risk

Sovereign risk is presented in Note 7b to the consolidated financial statements of BFCM Group.

V.4.1.2.5 - Debt securities, derivative instruments and repurchase agreements

The securities portfolios are mainly held by the capital markets activity and, to a lesser extent, the asset-liability management unit.

Debt securities (in € millions, year-end principal balances)	Carrying amount as of Dec. 31, 2013	Carrying amount as of Dec. 31, 2012
Government securities	22,755	13,589
Bonds	71,763	72,424
Derivative instruments	9,947	5,461
Repurchase agreements & securities lending	13,643	12,508
Gross exposure	**118,108**	**103,983**
Provisions for impairment of securities	-97	-102
Net exposure	**118,011**	**103,881**

Source: Accounting.

V.4.2 - Asset-liability management (ALM) risk

V.4.2.1 - Organization

The CM11-CIC group's asset-liability management functions are centralized and include the BFCM group.
The CM11-CIC Group's decision-making committees for matters concerning liquidity and interest-rate risk management are as follows:

- The ALM Technical Committee manages liquidity and interest rate risk in accordance with the risk limits applied within the CM11-CIC group. The committee is composed of the heads of the relevant business lines (finance department, asset-liability management, refinancing and treasury, marketing and risk) and meets at least on a quarterly basis. The indicators compiled at the consolidated level and by entity are static and dynamic liquidity gaps, Basel III stress scenario liquidity gaps, static interest-rate gaps and sensitivity of net banking income and net asset value.
- The ALM Monitoring Committee, composed of the CM11-CIC group's senior executives, examines changes in asset-liability management risk and approves the risk limits.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11-CIC as a whole and for each of the entities comprising the Group. The hedges are assigned to the entities concerned, in accordance with their needs.

The various asset-liability management risk indicators are also presented each quarter to the CM11-CIC Group's Risk Committee.

The role and principles governing asset-liability management are defined as follows:

- Asset-liability management is a distinct function from the dealing room, with its own resources.
- The key objective of asset-liability management is to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis.
- Asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest-rate risk arising from the network's activity.

Asset-liability management helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

V.4.2.2 - Interest-rate risk management*

Interest rate risk arising on the Group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstanding amounts on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

The Group uses a combination of macro hedging and specific hedging, in the case of high value or uniquely structured operations, in accordance with risk limits set in relation to the annual net banking income for each bank and for the Group. The technical committee decides which hedges to put in place and allocates them pro rata to the needs of each entity.

Interest rate risk is analyzed based on the main indicators below, which are updated on a quarterly basis.

1 - **The static fixed-rate gap**, corresponding to items in the balance sheet, assets and liabilities, whose cash flows are considered to be certain over a one to ten year horizon, governed by limits from three to seven years, measured by a net banking income ratio.

2 - **The static "inflation" gap** over a one to ten year horizon.

3 - **The sensitivity of the net interest margin**, calculated based on national scenarios and subject to limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity's net banking income.

The group calculates four scenarios:

scenario 1 (core scenario): a 1% increase in market interest rates and a 0.33% increase in inflation;

scenario 2: a 1% increase in market interest rates and stable inflation;

scenario 3: a 2% increase in market interest rates and a 0.66% increase in inflation;

scenario 4 (stress scenario): a 3% increase in short interest rates, a 1% decline in long rates and stable inflation.

At, December 31, 2013, the net interest income of BFCM Group and the CM11-CIC Group, under the core scenario, was exposed to a drop in interest rates. For these two scopes of consolidation, interest sensitivities were similar:

- For the BFCM Group scope of consolidation (excluding the refinancing activity), the sensitivity was
  -€136.9 million in year 1 and -€130.0 million in year 2, equivalent to 3.0% and 2.7% of forecast net banking income for each year, respectively.
- For the scope of consolidation of the CM11-CIC Group commercial banking (excluding the holding company), the interest sensitivity was -€112.4 million in year 1 and -€208.8 million in year 2, equivalent to 1.6% and 2.8% of forecast net banking income for each year, respectively. The risk limits (3% of net banking income at one year and 4% at two years) applying to the commercial bank were complied with.

Indicators in case of a rise in interest rates in CM11-CIC commercial banking (excluding the holding company) were as follows:

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	1.6%	2.8%
Scenario 2	2.6%	4.4%
Scenario 3	1.8%	4.0%
Scenario 4	-0.2%	-2.0%

4 - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel II indicator:

By applying a uniform 200 bp increase or decrease to the whole balance sheet (with a floor of 0% for market rates), it is possible to measure, as a percentage of equity, the change in the net discounted value of the main balance sheet items based on various scenarios.

Sensitivity of net asset value	As a percentage of total equity
Sensitivity + 200 bp	-2.8%
Sensitivity - 200 bp	+4.6%

BFCM Group: Interest rate risk - static fixed rate gap (in €m)*

MACRO-AGGREGATE	Amount outstanding at Dec. 31, 2013	1 year	2 years	5 years	10 years
INTERBANK ASSETS	87,393	3,699	3,357	1,734	1,380
LOANS	153,027	89,468	71,535	37,054	12,117
SECURITIES	24,677	3,231	2,339	610	140
LONG-TERM INVESTMENTS	26,937	24,817	24,766	24,020	23,989
OTHER ASSETS	13,364	10	10	10	10
Total assets	**305,398**	**121,226**	**102,008**	**63,428**	**37,637**
INTERBANK LIABILITIES	-103,665	-8,893	-7,464	-3,270	-1,491
DEPOSITS	-120,074	-53,465	-42,373	-23,765	-10,602
SECURITIES	-33,718	-24,790	-20,691	-11,279	-1,341
SHAREHOLDERS' EQUITY	-19,463	-19,083	-19,083	-19,083	-19,083
OTHER LIABILITIES	-15,240	-21	-21	-21	-21
Total liabilities	**-292,160**	**-106,252**	**-89,631**	**-57,419**	**-32,538**
Total statement of financial position	**13,239**	**14,974**	**12,376**	**6,009**	**5,099**
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL ASSETS	68,499	19,898	16,562	9,506	1,353
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL LIABILITIES	-70,674	-25,130	-19,420	-10,071	-181
Total off-statement of financial position	**-2,175**	**-5,231**	**-2,857**	**-565**	**1,172**
Grand Total	**11,063**	**9,742**	**9,519**	**5,444**	**6,270**

** Figures not audited by the Statutory Auditors*

V.4.2.3 - Liquidity risk management

The CM11-CIC Group attaches great importance to the management of liquidity risk.

The CM11-CIC Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the standard liquidity ratio and the LCR ratio, which is representative of the Group's short-term liquidity situation;
- calculating the static liquidity gap, based on contractual and agreed maturities and incorporating off-balance sheet commitments; transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to five years and are subject to alert thresholds.
- calculating the liquidity gap in a Basel III stress scenario, whose estimated future cash flows are based on NSFR weightings. Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years with alert thresholds in order to secure and optimize the refinancing policy.
- calculating the dynamic liquidity gap over five years, incorporating new loans granted, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- the ALM Technical Committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated pro rata to the cumulative needs.

Breakdown of the statement of financial position by residual maturity of future contractual cash flows (principal and interest)

2013	Residual contractual maturities							
(in € millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Trading financial assets	1,862	954	2,892	3,104	6,369	1,855	16	17,054
Financial assets at fair value through profit or loss	6,656	2,626	1,624	0	1,646	0	0	12,552
Derivative instruments used for hedging purposes - assets	2	0	3,712	1	3	43	9	3,770
Available-for-sale financial assets	2,415	2,677	10,549	2,295	7,103	4,794	1,053	30,887
Loans and receivables (incl. finance leases)	36,259	12,362	21,702	24,457	48,903	79,387	1,363	224,432
Held-to-maturity investments	43	53	1	0	641	0	0	739
Other assets	1,001	4,143	1,261	20	17	39	126	6,607
Liabilities								
Central bank deposits	15	34	120	50	115	127	0	460
Trading financial liabilities	911	191	1,507	1,040	5,782	1,215	43	10,690
Financial liabilities at fair value through profit or loss	7,827	4,585	4,098	0	0	0	0	16,510
Derivative instruments used for hedging purposes - liabili	7	0	2,442	54	1,219	78	14	3,814
Financial liabilities carried at amortized cost	119,814	23,140	36,335	21,272	38,839	26,742	9,858	275,999

Excluding insurance activities

(a) Includes accrued interest income and expense and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.

For marked-to-market financial instruments, also includes differences between fair value and redemption value.

2012	Residual contractual maturities							
(in € millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Trading financial assets	1,823	1,091	5,312	1,722	4,815	3,179	9	17,951
Financial assets at fair value through profit or loss	5,296	2,439	2,742	116	1,838	18	20	12,470
Derivative instruments used for hedging purposes - assets	3	0	2,500	9	95	5	2	2,614
Available-for-sale financial assets	427	369	2,190	3,793	8,142	4,071	867	19,859
Loans and receivables (incl. finance leases)	48,852	10,782	18,484	24,569	53,360	77,527	2,439	236,012
Held-to-maturity investments	3	77	68	116	641	0	0	905
Other assets	731	15,110	958	9	45	48	375	17,276
Liabilities								
Central bank deposits	9	45	24	52	125	87	0	343
Trading financial liabilities	639	158	1,200	770	3,099	1,678	8	7,551
Financial liabilities at fair value through profit or loss	7,666	6,179	5,147	0	0	0	0	18,992
Derivative instruments used for hedging purposes - liabili	12	9	500	79	222	1,931	10	2,763
Financial liabilities carried at amortized cost	104,297	31,838	38,962	18,855	48,452	25,296	8,863	276,562

Excluding insurance activities

(a) Includes accrued interest income and expense and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.

For marked-to-market financial instruments, also includes differences between fair value and redemption value.

V.4.2.4 - Exchange rate risk

The Group automatically centralizes the foreign currency positions of each group entity in the CIC holding company and in BFCM on a daily basis for commercial transfers and cash flows, both income and expenses, denominated in foreign currencies. Any unrealized foreign currency gains and losses are translated into euro at the end of each month and the resulting foreign currency position is also centralized.

As a result, no Group entity (except CM-CIC Marchés) bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.

A specific foreign currency position limit is assigned only to CM-CIC Marchés' capital markets business.

The structural foreign currency positions resulting from foreign currency allowances to foreign branches are not hedged.

Foreign exchange gains or losses are recognized in the asset or liability translation accounts and do not pass through the income statement.

The profits or losses of the foreign branches are retained in the foreign branches and thus add to the structural foreign currency position.

V.4.2.5 - Equity risk

BFCM Group has exposure to various types of equity risks.

V.4.2.5.1 - Assets measured at fair value through profit or loss

Financial assets held in the trading portfolio amounted to €537 million as at December 31, 2013 compared with €317 million at December 31, 2012 and solely concerned CIC's capital markets business (see Note 5a to the consolidated financial statements).
Financial assets recorded at fair value through profit or loss amounted to:

- €1,897 million under the fair value option, of which €1,698 million related to the private equity business line (see Note 5a to the consolidated financial statements); and
- €8,877 million in shares held by the GACM insurance company (see Note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

V.4.2.5.2 - Available-for-sale financial assets

Financial assets classified as available-for-sale and various long-term investments amounted to €6,282 million and €1,742 million, respectively (see Note 7 to the consolidated financial statements).
Long-term investments included:

- investments in non-consolidated subsidiaries totaling €1,274 million and in associates totaling €335 million: the main holdings concern Club Sagem (€210 million), Desjardins (€46 million), Foncières des Régions (€300 million) and CRH (Caisse de Refinancement de l'Habitat) for €72 million;
- other long-term securities (€133 million).

V.4.2.5.3 - Diminution in value of shares

The group reviews its equity investments periodically to identify any impairment to be recognized for listed securities in the event of a significant or prolonged drop in their value below the acquisition cost.
Net reversals of impairment charges through profit or loss totaled €49 million in 2013 compared to €31 million in 2012.
At December 31, 2013, the acquisition value of impaired stocks was €3,280 million and the corresponding impairment provision was €1,814 million. Their market value was €1,466 million.

V.4.2.6 - Private equity

The private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option. The portfolios comprise around 500 investment lines, relating mainly to small- and medium-sized enterprises.

Risks related to the private equity business

	Dec. 31, 2013	Dec. 31, 2012
Number of listed investment lines	35	33
Number of unlisted, active investment lines	387	416
Revalued proprietary portfolio (€m)	1,894	1,769
Managed funds (€m)	363	676
Number of managed funds	47	48

V.4.3 - Market risk

V.4.3.1 - General structure

CM-CIC Marchés combines all the capital market activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).

These entities are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's balance sheet), commercial, and fixed income, equity and credit products (recognized on CIC's balance sheet).

V.4.3.1.1 - Refinancing:

A dedicated treasury management team is responsible for refinancing all the activities of the CM11-CIC group. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including Crédit Mutuel-CIC Home Loan SFH.

The products concerned consist mainly of monetary or bond instruments and futures used to hedge interest rates and exchange rates.

In addition to the pure refinancing positions, this business line also has a portfolio of securities classified as AFS (available-for-sale), which are held mainly for use in the event of a liquidity crisis.

V.4.3.1.2 - Commercial

The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. A dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") aims to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The business also involves the sale of investment products such as Libre Arbitre and Stork (resulting directly from the expertise of the Fixed Income, Equity and Credit products business line), which are aimed at institutional, corporate and retail customers of CM-CIC's various networks.

V.4.3.1.3 - Fixed Income, Equity and Credit

This business line is organized around desks specialized in investments in equities, hybrid instruments, spreads and fixed income products. These activities mainly involve purchases and sales of financial securities acquired with the intention of holding them for a long period of time, as well as trading in related financial instruments. These activities are called upon to create value in a disciplined risk environment, to drive commercial development and to provide expertise or services to other Group entities.

V.4.3.2 - Internal control structures

In 2013, the internal control function continued to improve its organization and monitoring methodologies. It continued to refine its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3 regulatory changes, in particular stressed VaR and IRC as well as risk measurement in VaR/stress-tests, as part of the "market risk internal model" project, and regulatory risk measurement (CAD and European Capital Adequacy under Basel 2.5 standards).

The year 2013 featured a follow-up of the recommendations issued by the French Prudential Supervision and Resolution Authority (*L'Autorité de Contrôle Prudentiel et de Résolution – ACPR*) following its general review of the Fixed Income-Equity-Credit business line.

All methodologies are formalized in a "body of rules". Regular updates throughout the year include the introduction of new products and the improvement of the monitoring of risk measurement, with a complete formal validation at least once a year.

Capital market activities are organized as follows:

- they are under the responsibility of a member of Executive Management;
- the front-office units that execute transactions are segregated from those responsible for monitoring risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the Group's risk division, which compiles management reports summarizing risk exposures and has the Boards of Directors of CIC and BFCM validate the level of capital allocated/consumed;
- the permanent controls system is based on first-level controls performed by three control teams:
    - the risks and results team validates production, monitors results on a daily basis and ensures compliance with limits,
    - a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,

        - a CM-CIC Marchés team covering legal compliance is responsible for first-level legal issues;
- second-level controls organized around:
    - capital markets business lines' permanent controls function (CPMM), which reports to the permanent control department, supervises first-level permanent controls carried out by CM-CIC Marchés and conducts its own direct controls on activities,
    - CIC's lending department, which monitors at-risk loans for each counterparty group,
    - CIC's legal and tax department, which works with the CM-CIC Marchés legal team,
    - CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
- the CM11-CIC Group's periodic controls team, which uses a team of specialist auditors to carry out periodic controls and compliance checks in respect of capital market activities.

A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of CM-CIC Marchés (in France and in the branches) in relation to the limits prescribed by the Boards of Directors of CIC and BFCM. It is chaired by the member of Executive Management in charge of CM-CIC Marchés and comprises the Chief Operating Officer of CIC and BFCM, the front office, post-market, back office and accounting and regulatory control managers, and the manager of the risk department and the Group permanent control department. It approves the operational limits established in connection with the general limits set by the Boards of Directors of CIC and BFCM, which are regularly informed of the risks and results of these activities. The Market Risk Committee also approves the general principles of the "market risk internal model".

V.4.3.3 - Risk management

The system used to set exposure limits for market risk is based on:

- an overall limit for regulatory capital (CAD/European capital adequacy), broken down by desk, and for VaR;
- internal rules and scenarios (CAD risks, historical VaR and stress tests), which convert exposures into potential losses.

The limits system covers various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk for each activity.

If the overall limit and/or the limit assigned to each business line is exceeded, the Group's risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored based on first-level indicators such as sensitivity to various market risk factors (mainly for traders), and second-level indicators such as potential losses, to provide decision-makers with an accessible overview of capital markets exposures.

The capital allocated for the Fixed Income, Equity and Credit and commercial business lines, which had remained stable from 2010 to 2012, was reduced in 2013. VaR amounted to €4.1 million at the end of 2013.

For 2014, the limits set for these activities have been kept at the same levels as in 2013. In addition, the Group has put in place the calculation of a capital allocation for the credit valuation adjustment (CVA) charge.

The capital consumed by the RMBS business conducted in the New York branch continued to decrease in line with the amortization and sale of the portfolio securities managed on a run-off basis. Trading activities are maintained within reduced limits under the supervision of CM-CIC Marchés.

CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate alert level, each as defined by management and approved by the Boards of Directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal front office risks are as follows:

1 - **Refinancing**:

BFCM's market risks mainly relate to the liquidity portfolio. They are calculated on the basis of the CAD and European Capital Adequacy requirement. In 2013, CAD risk consumption increased from

€80 million to €87 million with a peak of €104 million. This change was attributable to an increase in CAD in respect of General Interest Rate Risk, partly offset by a drop in European Capital Adequacy requirements (as a result of the maturing of banking portfolio transactions).

2 - **Hybrid instruments**:

CAD risk consumption, which remained stable throughout the year, averaged €58 million in 2013. The convertible bonds amounts outstanding decreased to €1.7 billion at the end of the year, from €2.1 billion at the end of 2012.

3 - **Credit**:

These positions correspond to either securities/CDS arbitrages or to credit correlation positions (Itraxx/CDX tranches) or asset-backed securities. On the credit arbitrage portfolio, CAD risk consumption averaged around €29 million and ended the year at €34.6 million following the liquidation of CDS/Itraxx. On the ABS portfolio, CAD risk consumption started the year at €107.3 million before falling to €44 million in June and ending the year at €46.4 million. This decrease reflected careful management of risks on peripheral countries throughout the year and a reduction in positions on these countries. With respect to the credit correlation activities, based exclusively on iTraxx/CDX tranches, CAD risk consumption remained at approximately €10 million throughout the year before rising to €16.3 million at the end of the year.

4 - **Mergers and Acquisitions (M&A) and other**:

CAD risk consumption was €25 million on average in 2013 and ended the year at €17.9 million. This fall followed the trend in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore decreased to €155 million in December 2013 compared with €166 million at the end of 2012.

5 - **Fixed income**:

The positions relate to directional and yield-curve arbitrage, typically with underlying government securities, mostly European. Positions on peripheral countries are very limited. The position on Italy was reduced by 35% to around €2 billion in 2012 and remained at this level in 2013, with the bulk of this outstanding amount maturing in September 2014. The total amount of government securities decreased from €5.8 billion at the end of 2012 to €4.5 billion at the end of 2013, of which €2.1 billion were French state securities.

V.4.3.4 - Credit derivatives

These products are used by CM-CIC Marchés and are recognized in its trading portfolio.
Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the Lending Committees and Capital Markets Risk Committees.

V.4.4 – European capital adequacy ratio*

Under Article 4.1 of CRBF regulation 2000-03, the following subsidiaries are exempt from monitoring on an individual or sub-consolidated basis: BFCM, Crédit Mutuel - CIC Home Loan SFH and CIC Iberbanco. The other regulated entities are subject to monitoring on an individual or sub-consolidated basis.
The information on the CM11-CIC group's solvency ratio risks is presented in the chapter "Information on Basel II pillar 3".

V.4.5 - Operational risk*

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel-CIC Group has implemented a comprehensive operational risk management system under the responsibility of senior management. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.
The Group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risk, disaster recovery plans and insurance taken out to cover these risks.

The system used to measure and monitor operational risk is based on a common platform applied throughout the Crédit Mutuel-CIC Group using an approach for identifying and modeling risks so as to calculate the level of capital required to be held in respect of operational risk.
Since January 1, 2010, Crédit Mutuel-CIC has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk. This authorization has been extended to Banque de Luxembourg with effect from September 30, 2013.
Since June 30, 2012, the Group has also had authorization to deduct expected losses from its capital adequacy requirement and to take into account insurance, for the consolidated group excluding the foreign subsidiaries, of Cofidis and Banque Casino.

V.4.5.1 - Main objectives

The operational risk management policy set up by the Group is designed:

- to contribute to the group's effective management by controlling risks and the associated costs;
- from a human resources perspective, to protect staff, develop responsibility, autonomy and control, and capitalize on expertise group-wide;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, ensure returns on the investments made to achieve compliance with banking regulations, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities, develop a reliable system of internal control (CRBF 97.02), optimize business continuity plans (BCP) for essential activities and adapt financial reporting (Pillar 3 of Basel II).

V.4.5.2 - Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure by deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy. It is coordinated by the regional operational risk manager.

V.4.5.3 - Measurement and control procedure

For modeling purposes, the Group relies mainly on a national database of internal losses, based on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.
Risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the Operational Risk Technical Committee. Capital adequacy requirements are calculated at the national level and then distributed regionally.

Operational risk mitigation techniques include:

- preventive actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of business continuity plans, logistics and IT solutions for all mission-critical operations in order to limit the severity of any incident in the event of a crisis.

A consistent crisis management process, linked to the system for interbank operations, covers crisis communication and the three phases of disaster recovery plans: emergency, business continuity and back-on-track plans.

V.4.5.4 - Reporting and general oversight

The Group monitors the application of the operational risk management policy and risk profile using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of risk-reduction and financing measures. The Group's executive and governance bodies are regularly provided with information on this risk data, including the requirements of CRBF 97-02.

V.4.5.5 - Documentation and procedures

The Group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:

- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, and of the national function, the frequency and recipients of reports, the scope for the monitoring of Group entities, and the methodology for the consolidation of subsidiaries;
- collection of loss data: procedures laying down the rules for collecting information and controlling internal losses;
- measurement system: procedures concerning, in particular, probabilistic modeling and modeling based on the work of experts, the rules for gathering Key Risk Indicators (KRI), the basis for the allocation of capital adequacy requirements and COREP reports.

V.4.5.6 - Disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the Group to limit any losses resulting from operational risk.

“Disaster recovery plan guidelines”, which are the Crédit Mutuel-CIC Group reference document in this field, may be consulted by all teams concerned and are applied at the level of the regional groups.

Plans are classified into two categories:

- business-specific disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional disaster recovery plans relate to activities that constitute business support services (logistics, HR and IT issues).

Plans can be divided into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;
- back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

V.4.5.7 - Crisis management and its organization

Crisis management procedures at the Group and regional levels cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track.

These procedures are based on:

- a Crisis Committee, chaired by the CEO of the bank at the regional level or by the Group CEO at the national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team’s work is implementing a disaster recovery plan until the situation returns to normal.

V.4.5.8 - Insurance deducted from equity

Financial operational risk programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:

- insuring severe or major risks that can be insured, and developing self-insurance for the Group for amounts lower than deductibles and for intra-group risks;
- insuring frequency risks when justified or self-insuring them through provisions in the operating account;
- severe non-insurable risks and the non-insured balance are covered by prudential equity reserves;
- major risks arising from interbank exchange and payment systems are covered by liquidity reserves funds set up and allocated by the system.

The Group is insured against damage to property and has overall insurance for banking risks, fraud, and professional third-party liability, which it intends to use in order to reduce regulatory equity consumption for operational risks.

V.4.5.9 - Training

Each year, the Group provides operational risk training for its network managers, internal auditors and the operational staff responsible for monitoring these risks.

V.4.5.10 - BFCM Group's operational risk loss experience

In 2013, total operational losses amounted to €80.8 million, including €67.2 million of actual losses and €43.9 million of net reversals of provisions in respect of prior-year losses.

This total breaks down as follows:

- fraud: €41.6 million;
- work relationships: €2.2 million.
- Human error/procedural failure: €11.9 million;
- legal risk: €22.1 million.
- natural disasters and system malfunctions: €3 million.

V.4.6 - Other risks

V.4.6.1 - Legal risks

Legal risks are incorporated into operational risks and concern, among other things, exposure to fines, penalties and damages attributable to faults by the business in respect of its operations.

V.4.6.2 - Industrial and environmental risks

Industrial and environmental risks are included in operational risks and are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution, etc.), their impact on the business and means of prevention and protection to be put in place, notably crisis management and disaster recovery plans.

V.4.7 - Risks related to the group and to the banking activity

The Group is subject to several categories of risks inherent in banking activities.

There are four main categories of risks inherent in the Group's activities, which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks, and describe certain additional risks faced by the Group.

■ Credit risk

Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where the Group is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. With respect to home loans, the degree of credit risk also depends on the value of the home that secures the relevant loan. Credit risk also arises in connection with the factoring businesses of the Group, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.

■ ***Market and liquidity risk***

Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices, credit spreads on financial instruments and prices of other assets such as real estate.

Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value (as has been the case for some categories of assets in the recent disrupted market environment). A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.

Market risk arises on the Group's trading portfolios and non-trading portfolios. In non-trading portfolios, it encompasses:

- the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk arises mainly from interest rate risk;
- the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios, which can be recorded either in the income statement or directly in shareholders' equity; and
- the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.

■ ***Operational risk***

Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources, information systems, risk management and internal controls (including fraud prevention). External events include, for example, floods, fires, storms, earthquakes and terrorist attacks.

■ ***Insurance risk***

Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health policies, pandemics, accidents and catastrophic events (such as earthquakes, storms, industrial disasters, or acts of terrorism or war).

Difficult market and economic conditions could have a material adverse effect on the operating environment for financial institutions and accordingly, on the Group's financial condition and results of operations.

The Group's businesses are sensitive to changes in financial markets and economic conditions generally in France, Europe and elsewhere around the world. The Group could be confronted with a significant deterioration of market and economic conditions resulting from, among other things, crises affecting sovereign debt, capital, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, inflation or deflation, or adverse geopolitical events (such as natural disasters, acts of terrorism or military conflicts). Market disruptions and sharp economic downturns, which may develop quickly and whose impact may therefore not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Group's financial condition, results of operations and cost of risk.

The European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the eurozone to refinance their debt obligations and the extent to which European Union member states will be willing or able to provide financial support to the affected sovereign debtors. These disruptions have contributed to increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the near-term economic prospects of certain countries in the European Union as well as the quality of debt obligations of sovereign debtors in the European Union. The financial markets have recently been and could continue to be highly volatile.

The Group holds sovereign debt issued by some of the countries that have been most severely affected by the current crisis, and it has recorded significant impairment charges in respect of its holdings of Greek sovereign debt. See "Management Report – European Sovereign Debt Exposure" for more detail on the Group's exposure to European sovereign debt. The Group is also active in the interbank financial market and as a result, is indirectly exposed to risks relating to the sovereign debt held by the financial institutions with which it does business. In addition, the current uncertainty regarding sovereign obligations of some European countries has had, and may continue to have, an indirect impact on financial markets in Europe and worldwide, and therefore on the environment in which the Group operates.

In addition to these direct impacts, the Group has been indirectly affected by the spread of the euro-zone crisis, which has affected most countries in the euro zone, including France, the Group's home market. The credit ratings of French sovereign debts were downgraded in 2011, resulting mechanically in a downgrade of the credit ratings of French commercial banks, including that of BFCM.

In addition, the perception of the impact of the European crisis on French banks has made certain market participants, such as U.S. money market funds, less willing to finance French banks than they were in the past, affecting the access of French banks, including that of the Group, to liquidity, particularly in U.S. dollars. This situation has eased somewhat as the European Central Bank has provided significant amounts of liquidity to the market, but there can be no assurance that the adverse market environment will not return.

If economic or market conditions in France or elsewhere in Europe were to deteriorate further, particularly in the context of an exacerbation of the sovereign debt crisis (such as a sovereign default or the impression that a member state might withdraw from the euro), the markets in which the Group operates could be more significantly disrupted, and the Group's business, results of operations and financial condition could be adversely affected.

Legislative action and regulatory measures in response to the global financial crisis may materially impact the Group and the financial and economic environments in which it operates.

Legislation and regulations have recently been enacted or proposed to introduce a number of changes, some permanent, in the global financial environment. While the aim of these new measures is to avoid a recurrence of the financial crisis, their impact could be to change substantially the environment in which the Group and other financial institutions operate.

The new measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits and rules for employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds) or new ring-fencing requirements relating to certain activities, restrictions on certain types of financial activities or products such as derivatives, mandatory writedown or conversion into equity of certain debt instruments, enhanced recovery and resolution regimes, and the creation of new and strengthened regulatory bodies. Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation, and need adapting to each country's framework by the national regulators.

As the result of some of these measures, the Group has had to significantly adjust, and may have to continue to adjust, some of its activities to enable the Group to comply with the new requirements. Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in greater pressure from legislative and regulatory bodies to adopt more stringent regulatory measures, even though these measures could have adverse consequences on lending and other financial activities, and on the economy. Given the continuing uncertainty regarding the new legislative and regulatory measures, it is not possible to foresee their impact on the Group.

The Group's activities are highly concentrated in France, exposing the Group to risks linked to a potential downturn in French economic conditions.

The French market represents the largest share of the Group's net banking income and assets. [In 2012, France accounted for approximately 83% of the Group's net banking income and approximately 84.2% of its customer credit risk (including loans to customers and off-balance sheet liabilities such as credit lines and guarantees).

Because of the concentration of the Group's business in France, a significant deterioration in French economic conditions would have a greater impact on the Group's results of operations and financial condition than would be the case for a Group with more internationally diversified activities. An economic downturn in France could impact the credit quality of the Group's individual and business customers, make it more difficult for the Group to identify customers for new business that meet its credit criteria, and affect fee income by reducing life insurance policy sales, assets under management or brokerage activities. In addition, if house prices in France were to be significantly affected by adverse economic conditions, the Group's home loan activities and portfolio (which represented approximately 53% of the Group's total portfolio of performing loans, excluding accrued interest, at December 31, 2012) could be significantly and adversely affected.

BFCM must maintain high credit ratings, or the Group's business and profitability could be adversely affected.

Credit ratings are important to BFCM's liquidity, and therefore that of the Group. A rating downgrade could have an adverse effect on BFCM's liquidity and competitive position, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some derivatives contracts of the Group's financing and market segment (CM-CIC Marchés). On July 18, 2013, Fitch Ratings confirmed BFCM's A+ rating and, on July 24, 2013, Moody's Investors Service confirmed BFCM's Aa3 rating.

The cost of BFCM's long-term unsecured funding is directly related to its credit spread (the difference between the interest it pays on its bonds and that paid on government bonds with the same maturity), which in turn depends in large part on its credit rating, which is itself correlated to the sovereign risk rating. Increases in credit spreads can significantly increase BFCM's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perception of the issuer's creditworthiness. Credit spreads may also be influenced by movements in the cost to purchasers of credit default swaps referenced to BFCM's debt obligations, which is influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of BFCM and the Group.

Despite the risk management policies, procedures and methods implemented, the Group may be exposed to unidentified or unforeseen risks that could lead to material losses.

The Group has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in limiting its risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or foresee.

Some of the Group's qualitative tools and metrics for managing risk are based on use of observed historical market behavior. The Group then analyses the observed data, using statistical methods, to quantify its risk exposure. The Group uses complex and subjective analysis based on projected economic conditions and their impact on borrowers' capacity to repay and the value of the assets to measure the losses linked to credit risk exposure and to assess the value of certain assets. During periods of market turbulence, such analysis could result in inaccurate estimates and call into question the reliability of these evaluation procedures.

These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit the Group's ability to manage its risks and could affect its results.

Like all financial institutions, the Group is subject to the risk of non-compliance with its risk management policies and procedures, either through human error or intentional misfeasance. In recent years, several financial institutions have suffered significant losses from unauthorized market activities conducted by employees. While the Group makes every effort to monitor compliance with its risk management policies and procedures, it is impossible to be certain that its monitoring will be effective in avoiding losses from unauthorized activities.

Given the international scope of its activities, the Group may be vulnerable to specific political, macroeconomic and financial environments or particular circumstances in countries where it operates.

The Group is subject to country risk, meaning the risk that economic, financial, political or social conditions in a foreign country will affect the Group's financial interests.

The Group's country risk measurement and monitoring system is based on a proprietary scoring method. The internal score assigned to countries is based on the structural solidity of their economies, their repayment capacity, governance and political stability.

While the Group's relatively limited international activities reduce its exposure to country risk compared with financial institutions that are more active internationally, the Group nonetheless has substantial business activities and affiliates in Spain, Italy, Eastern Europe and North Africa that could expose it to significant risks. The Group monitors country risk and takes it into account in the provisions recorded in its financial statements. However, a significant change in a country's political or macroeconomic environments may require the Group to record additional provisions or lead it to incur losses in amounts that exceed the current provisions.

The Group is subject to numerous supervisory and regulatory regimes, which may change.

Several regulatory and supervisory regimes apply to the Group and its subsidiaries in France and in each of the other countries in which it operates. See "Government Supervision and Regulation in France" for a detailed description of some of the aspects of the French regulatory system applicable to the Group. Non-compliance could lead to significant intervention by regulatory authorities as well as fines, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry has come under increased scrutiny from a variety of regulators in recent years, with increases in the penalties and fines sought by regulatory authorities, a trend that may accelerate in the current financial environment.

In addition, the policies and actions of regulatory authorities in France, other European Union or foreign governments and international agencies could have a materially adverse effect on the businesses and earnings of Group entities. Such constraints could limit the ability of Group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory actions are unpredictable and beyond the Group's control. Such changes could concern, among others, the following:

- the monetary, interest rate and other policies of central banks and regulators;
- general changes in government or regulatory policy that may significantly influence investor decisions, particularly in the markets in which the Group operates;
- general changes in regulatory requirements, for example, prudential rules relating to capital adequacy, such as the regulations implementing Basel III/CRD IV requirements;
- implementation of the bail-in directive, during safeguard or resolution procedures;
- changes in rules and procedures relating to internal controls;
- changes in financial reporting rules;
- changes in tax law or its application;
- changes in accounting standards;
- limitations on employee compensation;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership; and
- any adverse change in political, military or diplomatic conditions creating social instability or an uncertain legal situation capable of affecting demand for the products and services offered by the Group;
- the measures that were recently adopted and have or are likely to have an impact on the Group, include in particular (i) the French ordinance of 27 June 2013 relating to credit institutions and financing companies (*Sociétés de financement*) which came into force on 1 January 2014 and the French banking law of 26 July 2013 on the separation and regulation of banking activities, introducing a separation of proprietary trading transactions from the wholesale business of the credit institutions which is useful to finance the economy, which also creates a waterfall to allocate by priority losses to stakeholders and senior creditors, and which empowers the ACPR with wide powers of intervention, such as removing the management or transferring all or part of the business or assets, (ii) the ordinance of 20 February 2014 adapting French law to European Union law with respect to financials matters, the EU Directive and Regulation on prudential requirements, together the ''CRD IV'' package of 26 June 2013 and many of whose provisions are applicable since 1 January 2014, the proposal of technical regulatory and execution rules

pertaining to CRD IV package developed by the EBA, (iii) consultation on structural reform in banking sector in the European Union in 2013 and the proposal from the European Commission structural reform of the European banking sector of 29 January 2014, (iv) the European Single Supervisory Mechanism, the European Single Resolution Mechanism and the EU Bank Recovery and Resolution Directive;

- the European Central Bank ("ECB") is in the process of performing a comprehensive assessment of the Group and other European banks, the outcome of which is uncertain.
  The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European banks, including the Group. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting the Group and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on the Group or on the treatment of capital instruments. Furthermore, the disclosure of the ECB's findings or the implementation of additional supervisory measures that are viewed by the market as unfavorable to the Group could adversely affect the trading price of the securities issued by the Group.

BFCM and the Group are governed by a substantial and fluctuating body of regulations in the countries and regions where they operate, thereby exposing them to a risk of regulatory non-compliance. The risk of non-compliance relates to inability to comply fully with all the rules governing financial and banking activities, whether legislative or regulatory, professional standards and ethics, instructions or rules of professional conduct. This risk is exacerbated by the adoption by different countries of multiple and sometimes contradictory legal and regulatory requirements.

The Group has a dedicated system for measuring these risks and their potential impact (financial losses and legal, administrative or disciplinary penalties) with the aim of safeguarding the Group's reputation.

The Group faces significant competition.

The Group faces intense competition in all its main businesses. The French and European financial services markets are relatively mature, and demand for financial services is, to some extent, linked to overall economic development. Competition in this environment is based on many factors, particularly the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Some of the Group's competitors in France are larger and have greater resources than the Group, and they may have greater brand recognition in some areas of France. The Group's international subsidiaries also face significant competition from banks and financial institutions that have their head offices in the countries where they operate, as well as other international financial institutions that are active in those countries. If the Group is unable to respond to the competitive environment in France or in its other markets with attractive and profitable product and service offerings, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the global economy or in the economy of the Group's major markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Group and its competitors.

The Group may generate lower revenues from life insurance, brokerage, asset management and other commission- and fee-based businesses during market downturns.

The recent market d led to a decline in transaction volumes and slower growth of mutual funds, life insurance and similar products. These transactions and products generate commission income for the Group, which was adversely affected by the slowdown in these areas during the financial crisis. In addition, because the fees that the Group charges for the management of its customers' portfolios are in many cases based on the value or performance of those portfolios, the market downturn reduced the value of the managed portfolios, and accordingly, the revenues generated by the Group's asset management and private banking businesses. Future downturns could have similar effects on the Group's results of operations and financial condition.

Even in the absence of a market downturn, any underperformance by the Group's mutual funds and life insurance products may result in increased withdrawals and reduced inflows, which would reduce the revenues the Group receives from its asset management and insurance businesses.

The financial weakness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by the weakness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, default by, or even rumors or questions about the soundness of one or more financial services institutions, or a loss of confidence in the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The Group has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default. In addition, this risk could be exacerbated if the collateral that the Group holds cannot be realized or is liquidated at prices that are not sufficient to recover the full amount of the loan or derivative exposure.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Group's businesses, protracted market movements, particularly price falls, may reduce activity in the market or reduce its liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may be the case in particular for assets the Group holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public markets, such as derivatives contracts between banks, may have values that the Group calculates using internal models rather than market prices. Monitoring the deterioration in the price of assets like these is difficult and could lead to losses that the Group did not anticipate.

For investment purposes, the Group takes positions in the debt, foreign exchange and equity markets as well as in unlisted equities, real-estate assets and other types of assets. Price volatility, i.e. the breadth of price swings over a given period or in a given market, independently of the level of the market, could have a negative impact on these positions. If the volatility were to prove lower or higher than anticipated by the Group, this could result in losses on many other products used by the Group, such as derivatives.

Significant interest rate changes could adversely affect the Group's net banking income or profitability.

The amount of net interest income earned by the Group during any given period significantly affects its overall net banking income and profitability for that period. Interest rates are highly sensitive to many factors beyond the Group's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities differently. Any adverse change in the yield curve could cause a decline in the Group's net interest income from its lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the Group's profitability.

A substantial increase in net additions to impairment provisions or a shortfall in the level of previously recorded impairment provisions could adversely affect the Group's results of operations and financial condition.

In connection with its lending activities, the Group periodically establishes asset impairment provisions to reflect actual or potential loan losses, which are recorded as provisions for non-performing loans in its income statement under net additions to provisions for loan losses. The Group's overall level of provisioning is based upon its assessment of prior loss experience, the volume and type of lending, industry standards, past due loans, economic conditions and other factors related to the recoverability rates of various loans.
Although the Group seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions such as occurred in 2008 and 2009 or factors affecting specific countries, such as Greece. Any significant increase in provisioning charges for loan losses or a significant change in the Group's estimate of the risk of loss inherent in its portfolio of non-

impaired loans, as well as the occurrence of loan losses in excess of the provisions recorded with respect thereto, could have an adverse effect on the Group's results of operations and financial condition.

The Group's hedging strategies do not rule out the risk of loss.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, the Group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the Group may only be partially hedged, or these strategies may not be fully effective in mitigating the Group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also affect the Group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Group's reported earnings.

The Group's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

The Group's employees are one of its most important resources and, in many areas of the financial services industry, competition for qualified personnel is intense. The results of the Group depend on its ability to attract new employees and to retain and motivate its existing employees. The Group's ability to attract and retain qualified employees could potentially be impaired by enacted or proposed legislative and regulatory restrictions on employee compensation in the financial services industry. Changes in the business environment may lead the Group to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce the Group's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict the Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact the Group's ability to take advantage of business opportunities or potential efficiencies.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Group's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect at the date of this report, the Group is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss provisions, provisions for future litigation, and the fair value of certain assets and liabilities, among other items. Should the Group's estimates prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Group may experience unexpected losses.

An interruption in or breach of the Group's information systems may result in lost business and other losses.

Like most other banks, the Group relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Group's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. If the Group's information systems were to fail, even for a short period of time, it would be unable to serve some customers' needs in a timely manner and could lose their business. Likewise, a temporary shutdown of the Group's information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs for information retrieval and verification. The Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. Any such failure or interruption could have a material adverse effect on the Group's financial condition and results of operations.

Unforeseen events could interrupt the Group’s operations and cause substantial losses and additional costs.

Unforeseen events such as severe natural disasters, pandemics, terrorist attacks or other states of emergency could lead to an abrupt interruption of operations of entities in the Group, and, to the extent not partially or entirely covered by insurance, may cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events may also disrupt the Group's infrastructure, or that of third parties with which it conducts business, and lead to additional costs (such as employee relocation costs) and increase existing costs (such as insurance premiums). Such events may also make insurance cover for certain risks unavailable and thus increase the Group's global risk.

Reputational and legal risk could have an adverse effect on the Group's profitability and business prospects.

Various issues may give rise to reputational risk and damage the Group and its business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices. The Group's reputation could also be damaged by an employee's misconduct, or fraud or embezzlement by financial operates to which the Group is exposed, any downward revision, restatement or correction of its reported results and any legal or regulatory proceeding whose outcome may be negative. Any damage to the Group's reputation might lead to a loss of business that could impact its results of operations and financial condition. Failure to address these issues adequately could also give rise to additional legal risk, which might increase the number of litigation claims and the amount of damages asserted against Group entities, or subject Group entities to regulatory sanctions.

Risks relating to the Group's organizational structure

BFCM does not hold any ownership or financial interest in the Local Banks.

BFCM does not own any interest in the Local Banks. BFCM does not share in the profits and losses of the Local Banks. Its economic interest in the results of operations of the Local Banks is limited to the financing it provides them in its capacity as the Group's central funding body. Moreover, BFCM has no voting rights or other rights to influence the management, strategy or policies of the Local Banks. While BFCM's management participates actively in the determination of the Group's overall strategy and policies, and its activities are significantly integrated with those of the Group, this does not provide BFCM with the same legal rights that it would have if it held an ownership interest in the Local Banks.

The Local Banks control BFCM and their interests may differ from those of investors in BFCM's securities.

Substantially all of BFCM's shares are held by the Local Banks, including 93% through Caisse Fédérale de Crédit Mutuel, or CF de CM. As a result, CF de CM and the Local Banks have the power to control the outcome of all votes at meetings of BFCM's shareholders, including votes on decisions such as the appointment or approval of members of its board of directors and the distribution of dividends. The Local Banks may have interests that are different from those of BFCM, the holders of BFCM's debt securities and the holders of covered bonds backed by loans to BFCM.

BFCM does not have any entitlement to financial support from the Local Banks.

The Local Banks are not under any obligation to support BFCM's liquidity or solvency in the event such support were needed. While BFCM's credit ratings are based in part on the rating agencies' assumption that such support would be available if needed due to the central role played by BFCM in the Group's financial structure, this assumption is based solely on the views of the rating agencies regarding the economic interest of the Local Banks, and not on any legal obligation. If BFCM's financial condition were to deteriorate, there can be no assurance that the Local Banks or CF de CM would recapitalize or otherwise provide support to BFCM.

Banks that are not part of the Group operate under the Crédit Mutuel name in certain regions of France.

Of the 18 Crédit Mutuel federations operating in France, only 11 are part of the CM11-CIC Group. Banks in the other seven federations use the Crédit Mutuel name and logo, but they operate outside the Group.

Three of these federations operate together and compete with the Group throughout France in many of the businesses in which the Group is active. If one or more of the Crédit Mutuel federations that are outside the Group were to experience difficulties, such as a business downturn, a deterioration in asset quality or a rating downgrade, it is possible that the market would fail to understand that the federation in difficulty is not part of the Group. In such event, difficulties experienced by a federation outside of the Group could adversely affect the reputation of the Group and/or have an impact on the Group's financial condition and results of operations.

The Local Banks that are part of the Group are part of a mutual financial support mechanism that includes all eighteen Crédit Mutuel federations, including those that are outside the Group.

The eighteen Crédit Mutuel federations have a mutual financial support mechanism that could require the Local Banks in the Group to provide support to local banks in federations that are outside the Group. While the support system for a local bank would initially be implemented at the regional level, within such local bank's federation, if the resources available at the regional level were insufficient, then the national support mechanism could be called upon, requiring support from other federations. While the Local Banks in the Group also benefit from the support of the federations that are outside the Group, they remain exposed to risks relating to local banks that are not part of the Group. (See "History and Structure of the CM11-CIC Group – The CM11-CIC Group and the Eighteen Crédit Mutuel Federations – The Financial Solidarity Mechanism" for a more detailed description of this mutual support mechanism).

Certain aspects of the Group's governance are subject to decisions made by the Confédération Nationale de Crédit Mutuel, which represents the Group as well as local banks that are not part of the Group.

Under French law, certain matters relating to the governance of the eighteen Crédit Mutuel federations (including 11 in the Group and seven outside the Group) are determined by a central body known as the Confédération Nationale du Crédit Mutuel ("CNCM"). The CNCM represents all local banks in the eighteen federations in dealings with French bank regulatory and supervisory authorities. In addition, the CNCM has the power to exercise financial, technical and administrative oversight functions relating to the organization of the Crédit Mutuel banks, and to take steps to ensure their proper functioning, including striking a bank from the list of banks authorized to operate as part of the Crédit Mutuel system.

V.5 - Consolidated financial statements of BFCM Group

Consolidated statement of financial position (IFRS) - Assets

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Cash and amounts due from central banks	14,778	9,429	4a
Financial assets at fair value through profit or loss	41,303	43,091	5a, 5c
Hedging derivative instruments	3,770	2,614	6a, 5c, 6c
Available-for-sale financial assets	79,133	63,570	7a, 5c
Loans and receivables due from credit institutions	55,300	70,703	4a
Loans and receivables due from customers	169,568	165,775	8a
Remeasurement adjustment on interest-rate risk hedged investments	562	852	6b
Held-to-maturity financial assets	10,159	11,593	9
Current tax assets	710	701	13a
Deferred tax assets	770	873	13b
Accruals and other assets	12,892	17,727	14a
Non-current assets held for sale	4	1	
Deferred profit sharing	0	0	
Investments in associates	2,196	2,079	15
Investment property	1,587	1,167	16
Property and equipment	1,869	1,928	17a
Intangible assets	941	938	17b
Goodwill	4,182	4,164	18
Total assets	**399,725**	**397,205**	

Consolidated statement of financial position (IFRS) - Liabilities and shareholders' equity

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Due to central banks	460	343	4b
Financial liabilities at fair value through profit or loss	30,408	30,970	5b, 5c
Hedging derivative instruments	3,814	2,763	6a, 5c, 6c
Due to credit institutions	19,880	34,477	4b
Due to customers	145,217	134,864	8b
Debt securities	97,957	93,543	19
Remeasurement adjustment on interest-risk hedged investments	-1,252	-1,947	6b
Current tax liabilities	336	446	13a
Deferred tax liabilities	851	805	13b
Accruals and other liabilities	9,554	13,430	14b
Liabilities associated with non-current assets held for sale	0	0	
Technical reserves of insurance companies	66,256	62,115	20
Provisions	1,547	1,512	21
Subordinated debt	6,911	7,836	22
Shareholders' equity	**17,785**	**16,047**	
Shareholders' equity attributable to the Group	**14,300**	**12,709**	
- Subscribed capital and issue premiums	2,088	2,063	23a
- Consolidated reserves	10,462	9,625	23a
- Gains and losses recognized directly in equity	538	91	23c
- Net income for the year	1,211	930	
Shareholders' equity attributable to minority interests	**3,486**	**3,338**	
Total liabilities and shareholders' equity	**399,725**	**397,205**	

CONSOLIDATED INCOME STATEMENT (IFRS)

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Interest income	13,501	15,229	**25**
Interest expense	-9,261	-12,073	**25**
Fee and commission income	2,865	2,696	**26**
Fee and commission expense	-780	-753	**26**
Net gain (loss) on financial instruments at fair value through profit or loss	-145	886	**27**
Net gain (loss) on available-for-sale financial assets	342	243	**28**
Income from other activities	12,581	10,762	**29**
Expenses on other activities	-10,656	-8,831	**29**
Net banking income	**8,445**	**8,159**	
Operating expenses	-4,918	-4,851	**30a, 30b**
Depreciation, amortization and impairment of non-current assets	-280	-289	**30c**
Gross operating income	**3,247**	**3,019**	
Net additions to/reversals from provisions for loan losses	-965	-962	**31**
Operating income	**2,282**	**2,057**	
Share of net income (loss) of associates	13	-131	**15**
Gains (losses) on other assets	5	12	**32**
Change in value of goodwill	0	-27	**33**
Net income before tax	**2,300**	**1,910**	
Corporate income tax	-816	-711	**34**
Net income	**1,484**	**1,200**	
Net income attributable to minority interests	273	270	
Net income attributable to the Group	**1,211**	**930**	
Earnings per share (in €)*	**45.61**	**35.07**	**35**

** Basic and diluted earnings per share were identical*

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

In € millions	Dec. 31, 2013	Dec. 31, 2012	Notes
Net income	**1,484**	**1,200**	
Translation adjustments	-10	2	
Remeasurement of available-for-sale financial assets	401	1,428	
Remeasurement of hedging derivative instruments	75	6	
Share of unrealized or deferred gains and losses of associates	19	-19	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**484**	**1,417**	
Remeasurement of non-current assets	0	0	
Actuarial gains and losses on defined benefit plans	9	-75	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**9**	**-75**	**23c, 23d**
Net income and gains and losses recognized directly in shareholders' equity	**1,976**	**2,541**	
attributable to the Group	*1,658*	*2,099*	
attributable to minority interests	*318*	*442*	

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions	Capital stock	Issue premiums	Consolidated reserves (1)	- Gains and losses recognized directly in equity				Net income attributable to the Group	Shareholders' equity attributable to the Group	Minority interests	Total consolidated shareholders' equity
				Translation adjustments	Available-for-sale financial assets	Hedging derivative instruments	Actuarial gains and losses				
Shareholders' equity at December 31, 2011, as published	**1,325**	**736**	**8,823**		**-973**	**-105**		**817**	**10,623**	**3,072**	**13,695**
Restatements related to change in accounting method			73	-14	54	23	-63	35	108	-2	106
Shareholders' equity at December 31, 2011, restated (2)	**1,325**	**736**	**8,896**	**-14**	**-919**	**-82**	**-63**	**852**	**10,731**	**3,070**	**13,801**
Appropriation of earnings from previous year			852					-852			
Capital increase	2								2		2
Distribution of dividends			-52						-52	-132	-184
Change in investments in subsidiaries not resulting in loss of control			-71						-71	-42	-113
Sub-total: movements arising from shareholder relations	**2**		**729**					**-852**	**-121**	**-174**	**-295**
Consolidated net income for the year								930	930	270	1,200
Change in fair value of available-for-sale financial assets					1,236	2			1,238	177	1,415
Change in actuarial gains and losses							-72		-72	-3	-75
Translation adjustments				3					3	-1	2
Sub-total				**3**	**1,236**	**2**	**-72**	**930**	**2,099**	**443**	**2,542**
Impact of acquisitions and disposals on minority interests											
Other movements	0	0	0				0		0	-1	-1
Shareholders' equity at December 31, 2012	**1,327**	**736**	**9,625**	**-11**	**317**	**-80**	**-135**	**930**	**12,709**	**3,338**	**16,047**
Appropriation of earnings from previous year			930					-930			
Capital increase	2	23							25		25
Distribution of dividends			-70						-70	-141	-212
Change in investments in subsidiaries not resulting in loss of control			-10						-10	9	-1
Sub-total: movements arising from shareholder relations	**2**	**23**	**849**					**-930**	**-56**	**-132**	**-188**
Consolidated net income for the year								1,211	1,211	273	1,484
Change in fair value of available-for-sale financial assets					404	39			443	32	475
Change in actuarial gains and losses							8		8		8
Translation adjustments				-20					-20		-20
Sub-total				**-20**	**404**	**39**	**8**	**1,211**	**1,642**	**305**	**1,947**
Impact of acquisitions and disposals on minority interests			-1						-1		-1
Other movements(3)	0	0	-11		0	16			5	-25	-20
Shareholders' equity at December 31, 2013	**1,329**	**759**	**10,462**	**-31**	**722**	**-25**	**-127**	**1,211**	**14,300**	**3,486**	**17,785**

(1) Reserves at December 31, 2013 include the legal reserve of €133 million, regulatory reserves for a total of €2,056 million and other reserves amounting to €8,273 million.

(2) Adjusted to include the impact of IAS19-R

CONSOLIDATED STATEMENT OF CASH FLOWS

	Dec. 31, 2013	Dec. 31, 2012
Net income	1,484	1,200
Corporate income tax	816	711
Income before corporate income tax	**2,300**	**1,910**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	282	301
- Impairment of goodwill and other non-current assets	24	18
+/- Net additions to/reversals from provisions and impairment losses	4,127	-407
+/- Share of net income/loss of associates	-70	71
+/- Net loss/gain from investing activities	0	266
+/- Income/expense from financing activities	0	0
+/- Other movements	-2,228	-1,116
= Total non-monetary items included in income before tax and other adjustments	**2,135**	**-867**
+/- Cash flows relating to interbank transactions	-5,011	2,398
+/- Cash flows relating to customer transactions	5,279	8,232
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-10,582	1,334
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	628	3,944
- Corporate income tax paid	-885	-478
= Net decrease/increase in assets and liabilities from operating activities	**-10,571**	**15,430**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**-6,136**	**16,474**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	-29	4,649
+/- Cash flows relating to investment property	-450	-321
+/- Cash flows relating to property, equipment and intangible assets	-252	-193
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-731**	**4,135**
+/- Cash flows relating to transactions with shareholders	-191	-182
+/- Other cash flows relating to financing activities	5,573	4,564
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**5,382**	**4,381**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**-146**	**-7**
Net increase (decrease) in cash and cash equivalents	**-1,631**	**24,983**
Net cash flows from (used in) operating activities	-6,136	16,474
Net cash flows from (used in) investing activities	-731	4,135
Net cash flows from (used in) financing activities	5,382	4,381
Impact of movements in exchange rates on cash and cash equivalents	-146	-7
Cash and cash equivalents at beginning of year	**14,597**	**-10,387**
Cash accounts and accounts with central banks and post office banks	9,086	5,147
Demand loans and deposits - credit institutions	5,511	-15,534
Cash and cash equivalents at end of year	**12,966**	**14,597**
Cash accounts and accounts with central banks and post office banks	14,318	9,086
Demand loans and deposits - credit institutions	-1,352	5,511
CHANGE IN CASH AND CASH EQUIVALENTS	**-1,631**	**24,983**

Notes to the consolidated financial statements

NOTE 1: Accounting principles and methods

1.1 Accounting reference framework

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2013 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2013. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The summary statements are presented in accordance with ANC recommendation 2013-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 which replaced regulation 1725/2003. These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

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

IAS 19R on employee benefits has been applied early as from January 1, 2012.

New standards applied since January 1, 2013:

	Mandatory application date (years beginning from)	Consequences of application
Amendment IAS 1 - Presentation of items of other comprehensive income	1/1/2013	Limited
Amendment IFRS 7 - Offsetting of financial assets and liabilities	1/1/2013	Limited
Annual Improvements to International Financial Reporting Standards (IFRS)	1/1/2013	Limited
Amendment to IAS 12 (May 2012) – Income Taxes – Deferred Tax: Recovery of Underlying Assets	1/1/2013	Limited
IFRS 13 – Fair value measurement, in particular relating to the valuation of derivatives taking into account counterparty's credit risk and own credit risk (CVA and DVA)	1/1/2013	Limited

Standards and interpretations adopted by the European Union and not yet applied:

	Mandatory application date (years beginning from)	Consequences of application
Amendment IAS 32 - Offsetting of financial assets and liabilities	1/1/2014	Limited
IFRS 10-11-12 - IAS 28 - Standards related to the consolidation and financial information of non-consolidated entities	1/1/2014	Limited

1.2 Scope and basis of consolidation

Scope of consolidation

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

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

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

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

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

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

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

- **Changes in the consolidation scope**

The changes in the consolidation scope as at December 31, 2013 were as follows:

- Additions:

CM-CIC Proximité (private equity); SCI Eurosic Cotentin (other activities).

- Merger/absorption:

TUP France EST with BFCM; TUP Promopresse with Le Dauphiné Libéré.

- Removals:

Est Imprimerie, Inter'Print, Imprimerie Michel, SCI Gutenberg, SDV Plurimédia and Alternative Gestion SA.

- Change of name:

Dubly-Douilhet changed its name to Dubly-Douilhet Gestion.

Consolidation methods

The consolidation methods used are as follows:

- **Full consolidation**

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

- **Proportionate consolidation**

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

- **Consolidation using the equity method**

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

Closing date

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

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.
Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euro at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.
As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Goodwill

- **Measurement differences**

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

- **Acquisition goodwill**

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

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

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

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

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

Non-controlling interests

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

1.3 Accounting principles and methods

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

- The valuation at fair value of certain liabilities issued by the company and not included in the trading book.
- The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.
- The Group used the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

1.3.1 Loans & receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended for sale at the time of their acquisition or grant. They include loans granted directly by the Group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.
The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option). A loan restructured due to financial difficulties encountered by the debtor is considered a new contract.

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

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

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

- Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.
Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.
Impairment charges and provisions are recorded in net additions to provisions for loan losses. Reversals of impairment charges and provisions are recorded in net reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under "provisions" in liabilities for financing and guarantee commitments.
Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

- Collective impairment of loans

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

1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.
A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
An operating lease is a lease other than a finance lease.

- Finance leases - lessor accounting

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

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

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;

- the recognition of an unrealized reserve, equal to the difference between:
  - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
  - the net carrying amount of the leased non-current assets;
  - the deferred tax provision.

- Finance leases - lessee accounting

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

1.3.4 Acquired securities

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

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

- *Classification*

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:
   a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39. This option is designed to help entities produce more relevant information, by enabling:
   a. certain hybrid instruments to be measured at fair value without separating the embedded derivatives, providing the embedded derivative has a material impact on the value of the instrument;
   b. a significant reduction in accounting mismatches between certain assets and liabilities, which arise in particular when a hedging relationship (interest rate, credit) cannot be established;
   c. the management or monitoring of the performance of a group of financial assets and/or liabilities in accordance with a documented risk management or investment strategy on a fair value basis.

This Group used this option mainly in connection with insurance business units of account contracts in line with the treatment for liabilities, as well as the securities held in the private equity portfolio and certain debt securities with embedded derivatives.

- *Basis for recognition and measurement of related income and expenses*

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

- *Fair value or market value*

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market operators as at the valuation date. The fair value of an instrument upon initial recognition is generally its transaction price.
If the instrument is traded on an active market, the best estimate of fair value is the quoted price.
The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.
When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.
A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.
If the market for a financial instrument is not active, fair value is established using a valuation technique.
Derivatives are revalued based on available observable market data such as yield curves to which the bid/ask price is then applied.
When no observable data is available or when adjustments in market prices require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, including the adjustments linked to risks that would be integrated by the market. In particular, these valuation adjustments enable the integration of risks that are not captured by the model: liquidity risks associated with the instrument or parameter in question; specific risk premiums intended to compensate for additional costs that an active management strategy associated with the model would involve under certain market conditions; and counterparty risk present in the positive fair value of OTC derivatives.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting.
A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

- *Criteria for classification and rules of transfer*

Market conditions may cause the Crédit Mutuel Group to review its investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39.

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

a- *"Financial assets held to maturity"*, only in rare cases, if management's intention has changed, and provided that they fulfill the eligibility conditions of this category;
b- *"Loans and receivables"* in the event of a change in management's intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;
c- *"available for sale"* only in rare cases.

The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

- Available-for-sale financial assets

- *Classification*

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

- *Basis for recognition and measurement of related income and expenses*

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding

accrued income. These unrealized or deferred gains or losses recognized in equity are only transferred to the income statement in the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under "Net gain/(loss) on available-for-sale financial assets". Purchases and sales are recognized at the settlement date.
Income received or accrued from fixed-income available-for-sale securities is recognized in the income statement under "Interest income". Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/(loss) on available-for-sale financial assets".

- *Impairment of available-for-sale debt instruments*

Impairment is calculated based on the fair value and recognized in "Net additions to provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Impairment of available-for-sale equity instruments*

An equity instrument is impaired when there is objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) information regarding significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and which indicates that the cost of the investment may not be recovered.
In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 36 consecutive months implies an impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.
Impairment is recognized under "Net gain/(loss) on available-for-sale financial assets" and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

- *Criteria for classification and rules of transfer*

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

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

In the event of transfer, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be written back.
In the event of a transfer of instruments with a fixed maturity from "Available-for-sale financial assets" to the "Held-to-maturity financial assets" or "Loans and receivables" categories, the unrealized gains and losses previously deferred in equity are amortized over the remaining life of the asset.

Held-to-maturity financial assets

- *Classification*

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

- *Basis for recognition and measurement of related income and expenses*

Held-to-maturity investments are recognized at fair value upon acquisition. Transaction costs are deferred and included in the calculation of the effective interest rate, unless they are not material in which case they are recognized immediately through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the

actuarial amortization of premiums and discounts corresponding to the difference between the purchase price and redemption value of the asset.
Income earned from this category of investments is included in “Interest income” in the income statement.

- *Impairment*

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

- *Criteria for classification and rules of transfer*

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.
Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39.
Furthermore, disposals or transfers of securities in this portfolio are very restricted, due to the provisions laid down in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, as defined by IFRS 13:

- Level 1: prices quoted on active markets for identical assets or liabilities; For capital market activities, this concerns debt securities that are quoted by at least four contributors and derivatives quoted on an organized market.
- Level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices).Level 2 concerns in particular interest rate swaps whose fair value is generally calculated using yield curves based on the market interest rates observed at the accounting date;
- Level 3: data relating to the asset or liability that are not based on observable market data (non-observable data). Given the diversity and volume of the instruments, the sensitivity of the fair value to changes in parameters would not be material. This category comprises mainly investments in non-consolidated companies and the private equity business line.

Derivatives and hedge accounting

- *Financial instruments at fair value through profit or loss - derivatives*

A derivative is a financial instrument:
- whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the “underlying”;
- which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;
- which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.
Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in “Net gain/(loss) on financial instruments at fair value through profit or loss”.
Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as “fair value hedges” or “cash flow hedges”, as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, corresponds to the definition of a derivative. In particular, it has the effect of inducing changes in some of the cash flows of the combined instrument in a way similar to that of a standalone derivative.

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

- it corresponds to the definition of a derivative
- the hybrid instrument is not measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

▪ *Financial instruments at fair value through profit or loss* - *derivatives* - *structured products*

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.
There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.
The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the balance sheet date. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products and/or by extrapolating quoted values. All these parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is used for each market parameter concerned.
Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as "day one profit". IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products with barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

▪ *Hedge accounting*

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues.
At the inception of the hedge, the Group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.
Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.
The ineffective portion of the hedge is recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss".
Interest rate risk is the only risk covered by a fair value hedging relationship.

Fair value hedging instruments
The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item "Interest income, interest expense and equivalent - Hedging derivative instruments", symmetrically to the interest income or expenses relating to the hedged item.
In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item "Net gain (loss) on financial instruments at fair value through profit or loss" symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.
The hedge must be considered as "highly effective" to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item's fair value or cash flows. The ratio between those two changes must lie within the range of 80% and 125%.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments - interest rate risk
The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios. This method is applied by the group. This method is applied by the group for the majority of interest-rate hedges put in place by the asset/liability management department.
For each portfolio of assets or liabilities, the bank checks, by pillar and at each reporting date, that there is no excess hedging.
The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.
Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called "Remeasurement adjustment on investments hedged against interest rate risk", the counterpart being an income statement line item.

Cash flow hedging instruments
In the case of a cash flow hedge relationship, the gains or losses on effective hedging instruments are recognized in shareholders' equity under the line item "Unrealized or deferred gains and losses relating to cash flow hedging derivatives", while the ineffective portion is recognized in the income statement under the "Net gains and losses on financial instruments at fair value through profit or loss" heading.
The amounts recognized in shareholders' equity are carried to the income statement under the "Interest income, interest expense and equivalent" heading, at the same rate as the cash flows of the hedged item affect the income statement. The hedged items remain recognized in accordance with the specific provisions for their accounting category.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. Cumulative amounts recognized in shareholders' equity as a result of the remeasurement of a hedging derivative remain recognized in equity until the hedged transaction affects earnings or when it becomes apparent that the transaction will not take place. These amounts are subsequently carried to the profit and loss account.

1.3.5 Debt represented by a security

Debts evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for at their issue value, in most cases minus the transaction costs.
These debt securities are subsequently measured at amortized cost using the effective interest method.
Some "structured" debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably.

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

1.3.6 Subordinated debt

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

1.3.7 Distinction between Debt and Shareholders' equity

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

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

1.3.8 Other provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.
A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:
- Legal risk;
- Social commitments;
- Execution risk on off-statement of the financial position commitments;
- Litigation risk and guarantee commitments given;
- Tax risks;
- Risks related to home savings accounts and plans.

1.3.9 Amounts due to customers and credit institutions

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

- Regulated savings contracts

The "*comptes épargne logement*" (CEL - home savings accounts) and "plans épargne logement" (PEL - home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential housing loan in a second stage. They generate two types of commitments for the distributing institution:
- A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);
- A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

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

1.3.10 Cash and cash equivalents

Cash and cash equivalents consolidate the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.
In the statement of cash flows, UCITS are classified as an “operational activity” and therefore do not need to be reclassified.

1.3.11 Employee benefits

Employee benefits are accounted for in accordance with IAS 19R, which has been applied early. The new provisions result in the following:

- for defined benefit post-employment benefits, the immediate recognition of actuarial variances as unrealized or deferred gains or losses in equity and the immediate recognition of plan changes through profit or loss, the application to the plan’s assets of the discount rate used for the debt and more detailed information provided in the notes;
- for short-term benefits, a new definition for benefits expected to be paid in full within the 12 months following the end of the year in which the related services were rendered (and no longer “payable within the 12 months…”).

Social obligations are subject, where relevant, to a provision reported under the line item “Provisions”. A change in this item is recognized in the income statement under the “Employee expense” heading, except for the portion resulting from actuarial variances, which is recognized as unrealized or deferred gains or losses in equity.

- Defined benefit post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.
These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

- The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end;
- The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features;
- The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities;
- Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under permanent contracts at the financial year-end;
- The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67;
- The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.
Actuarial variances are recognized as unrealized or deferred gains or losses in equity. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

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

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

- Post-employment benefits covered by defined contribution plans

The Group's entities contribute to a number of pension plans managed by organizations that are independent from the Group, for which the entities have no additional formal or implicit payment obligation, in particular if the assets in the pension plans are not sufficient to meet liabilities.
As these plans do not represent obligations of the Group, they are not subject to a provision. The related expenses are recognized in the financial year in which the contributions must be paid.

- Long-term benefits

These are benefits to be paid, other than post-employment benefits and termination benefits, which are expected to be paid more than 12 months after the end of the period during which the employee rendered the related service, for example long service awards, time savings accounts, etc.
The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial losses are taken to the income statement as and when they arise.
Obligations in respect of long service awards are sometimes covered by insurance policies. A provision is established only for the uncovered part of these obligations.

- Employee supplementary retirement plans

Employees of the Crédit Mutuel CM11 and CIC Groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Vie SA.
Employees of the CM11 Group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire. The total amount of the obligation was €915 million at December 31, 2013, covered by special technical reserves amounting to €808 million, additional special technical reserves amounting to €54 million and €53 million of mathematical reserves for defined benefit plans recognized on the liabilities side of the ACM VIE SA statement of financial position for all the beneficiaries.
In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The total amount of the obligation at December 31, 2013 was €406 million, covered by technical reserves of €378 million and additional special technical reserves of €28 million for defined benefit plans recognized on the liabilities side of the ACM VIE SA statement of financial position.

- Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than 12 months after the reporting date.

- Short-term benefits

These are benefits which are expected to be paid within the 12 months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.
An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

1.3.12 Insurance

The accounting principles and valuation rules applied for the assets and liabilities generated by the issuance of insurance policies have been drawn up in accordance with IFRS 4. This also applies to reinsurance policies, whether issued or subscribed, and to financial contracts including a discretionary profit-sharing clause.
The other assets held and liabilities issued by insurance companies follow the rules common to all of the Group's assets and liabilities.

- Assets

Financial assets, investment properties and fixed assets follow the accounting methods described elsewhere.
However, financial assets representing technical provisions related to unit-linked contracts are shown under the line item "Financial assets at fair value through profit or loss".

- Liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are shown under the line item "Technical reserves of insurance policies". They are measured, accounted for and consolidated according to French GAAP.
Technical reserves of life insurance policies consist mainly of mathematical reserves, which generally correspond to the surrender value of the policies. The risks covered mainly include death, disability and incapacity for work (for borrower's insurance).
Technical reserves of unit-linked contracts are measured, on the reporting date, based on the realizable value of the assets underlying these contracts.
Reserves of non-life insurance policies correspond to unearned premiums (portion of premiums issued related to subsequent years) and claims payable.
Insurance policies that have a discretionary profit-sharing clause are subject to "shadow accounting". The resulting provision for deferred profit-sharing represents the share of capital gains and losses accruing to policyholders. These provisions for deferred profit-sharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.
On the reporting date, the liabilities carried for these policies (net of other related asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired) are tested to check that they are sufficient to cover the future cash flows estimated at this date. Any shortfall in technical provisions is recognized in income for the period (and may be reversed at a later stage).

- Income statement

Income and expenses recognized for the insurance policies issued by the Group are shown under the "Income from other activities" and "Expenses on other activities" line items.
Income and expenses pertaining to the proprietary trading activities of the insurance entities are recognized under the line items related to them.

1.3.13 Property and equipment and intangible assets

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

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

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. BFCM has adopted the components approach for property used in operations and investment property.

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

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

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

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

The depreciation and amortization periods are:

Property and equipment:

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

Intangible fixed assets:

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

Depreciable and amortizable assets are tested for impairment when there is evidence at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.
If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. The impairment loss is reversed in the event of a change in

the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in “Depreciation, amortization and impairment of non-current assets”.

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

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in “Net gain/(loss) on disposals of other assets”.
Gains and losses on disposals of investment property are shown in the income statement under “Income from other activities” or “Expense on other activities”.

The fair value of investment property is disclosed in the notes to the financial statements. It is based on a valuation of the buildings by reference to market prices, performed by independent experts - (Level 2).

1.3.14 Corporate income tax

This item includes all current or deferred income taxes.
Current income tax is calculated based on applicable tax regulations.

- Deferred tax

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.
Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

Net deferred tax assets are recognized only in cases where their recovery is considered highly probable.
Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.
Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.
They are not discounted.

1.3.15 Interest paid by the French Government on some loans

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

The structure of the offset mechanism is reviewed by the government on a periodic basis.
The contribution received from the government is recorded in the “Interest and similar income” line and spread over the life of the corresponding loans, pursuant to IAS 20.

1.3.16 Financial guarantees and financing commitments given

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

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP (i.e. as off-balance sheet items), pending an addition to the standards to enhance the current mechanism.

Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.
Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

1.3.17 Foreign exchange transactions

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

- Monetary financial assets and liabilities

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

- Non-monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" if they are classified as available-for-sale.
When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

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

1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within 12 months of the end of the reporting period.

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

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

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

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

The preparation of the financial statements may require the use of assumptions and estimates that have a material impact on income and expenses and of assets and liabilities in the statement of financial position and notes to the financial statements.

In that case, management uses its judgment and experience to apply readily available information at the time of preparation of the financial statements in order to arrive at the necessary estimates. This applies in particular to:

- the impairment of debt and equity instruments;
- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible fixed assets;
- measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

NOTE 2 - Analysis of statement of financial position and income statement items by business segment and geographic area

The Group's activities are as follows:
• Retail banking brings together CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banco Popular Espanol, Banque Marocaine du Commerce Exterieur, Banque de Tunisie and all specialist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.
• The Insurance business line comprises the Assurances du Crédit Mutuel Group.
• Financing and capital markets covers:
a) financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;
b) capital markets activities in general, spanning customer and own account transactions involving interest rate instruments, foreign exchange and equities, including brokerage services.
• Private banking encompasses all companies specializing in this area, both in France and internationally.
• Private equity, conducted for the Group's own account, and financial engineering make up a business unit.
• Logistics and holding company services include all activities that cannot be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities holding real estate used for operations and IT entities.
Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position items are subject to an analytical distribution. The breakdown of the statement of financial position items is done in the same way.

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

Dec. 31, 2013	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	1,973	0	4,121	1,325	0	7,359	14,778
Financial assets at fair value through profit or loss	420	11,308	27,515	97	1,903	60	41,303
Hedging derivative instruments	1,516	0	909	4	0	1,342	3,770
Available-for-sale financial assets	907	47,146	27,794	2,772	12	502	79,133
Loans and receivables due from credit institutions	5,323	153	39,114	1,439	6	9,265	55,300
Loans and receivables due from customers	147,966	291	12,672	8,554	1	83	169,568
Held-to-maturity financial assets	55	9,420	76	20	0	588	10,159
Investments in associates	1,182	240	0	0	0	774	2,196
LIABILITIES							
Cash, central banks, post office banks	0	0	0	460	0	0	460
Financial liabilities at fair value through profit or lossFinancial liabilities held fo	316	3,051	26,921	121	0	0	30,408
Hedging derivative instruments	1,227	0	2,293	241	0	53	3,814
Due to credit institutions	9,629	0	10,250	0	0	0	19,880
Due to customers	112,167	91	12,104	15,756	2	5,097	145,217
Debt securities	31,547	0	66,390	19	0	0	97,957

Dec. 31, 2012	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	1,980	0	5,593	750	0	1,106	9,429
Financial assets at fair value through profit or loss	528	12,638	27,750	142	1,784	249	43,091
Hedging derivative instruments	740	0	157	4	0	1,713	2,614
Available-for-sale financial assets	738	42,051	16,955	3,385	19	422	63,570
Loans and receivables due from credit institutions	5,655	230	52,517	2,573	6	9,722	70,703
Loans and receivables due from customers	143,721	262	14,196	7,529	0	67	165,775
Held-to-maturity financial assets	64	10,688	251	2	0	588	11,593
Investments in associates	1,061	308	0	0	0	710	2,079
LIABILITIES							
Cash, central banks, post office banks	0	0	0	343	0	0	343
Financial liabilities at fair value through profit or loss	529	4,359	25,886	196	0	0	30,970
Hedging derivative instruments	287	0	1,977	399	0	100	2,763
Due to credit institutions	7,260	0	27,217	0	0	0	34,477
Due to customers	105,168	85	7,216	15,758	1	6,636	134,864
Debt securities	32,586	0	60,936	21	0	0	93,543

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

Dec. 31, 2013	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	6,210	1,338	826	444	119	-449	-43	8,445
General operating expenses	-3,754	-391	-273	-329	-34	-461	43	-5,198
Gross operating income	2,457	946	554	115	85	-910	0	3,247
Net additions to/reversals from provisions for loan losses	-884		-44	-8	0	-29	0	-965
Net gain (loss) on disposal of other assets	48	-28		0		-2		18
Net income before tax	1,621	918	509	108	85	-942	0	2,300
Corporate income tax	-532	-343	-182	-38	0	278		-816
Net income (loss)	**1,090**	**575**	**328**	**70**	**86**	**-664**	**0**	**1,484**
Net income attributable to minority interests								273
Net income attributable to the Group								**1,211**

Dec. 31, 2012	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	5,854	1,318	927	464	100	-446	-58	8,159
General operating expenses	-3,748	-335	-288	-334	-34	-458	58	-5,140
Gross operating income	2,106	983	639	129	66	-904	0	3,019
Net additions to/reversals from provisions for loan losses*	-774		-85	-29		-75		-962
Net gain (loss) on disposal of other assets	-89	-41	-1	6		-22		-146
Net income before tax	1,243	942	554	107	66	-1,001	0	1,910
Corporate income tax	-457	-374	-193	-27	2	338		-711
Net income (loss)	**787**	**568**	**361**	**79**	**67**	**-663**	**0**	**1,200**
Net income attributable to minority interests								270
Net income attributable to the Group								**930**

** The disposal in the first half of 2012 of securities received in exchange for securities issued by the Greek government, contributed to the bond swap under the PSI (private sector involvement) plan, generated a negative impact of €30 million on this item, including -€34 million for the logistics and holding company business and +€4 million for the capital markets business.*

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

	Dec. 31, 2013				Dec. 31, 2012			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
ASSETS								
Cash, central banks, post office banks	7,705	2,951	4,122	14,778	1,429	2,407	5,593	9,429
Financial assets at fair value through profit or loss	39,520	522	1,260	41,303	41,138	941	1,011	43,091
Hedging derivative instruments	3,761	4	5	3,770	2,601	4	9	2,614
Available-for-sale financial assets	73,741	4,880	512	79,133	57,985	4,905	680	63,570
Loans and receivables due from credit institutions	51,849	2,238	1,212	55,300	66,137	3,191	1,375	70,703
Loans and receivables due from customers	142,570	23,824	3,174	169,568	140,300	22,290	3,186	165,775
Held-to-maturity financial assets	10,139	20	0	10,159	11,591	2	0	11,593
Investments in associates	878	759	559	2,196	824	705	550	2,079
LIABILITIES								
Cash, central banks, post office banks	0	460	0	460	0	343	0	343
Financial liabilities at fair value through profit or loss	29,722	554	133	30,408	30,562	224	184	30,970
Hedging derivative instruments	3,546	242	27	3,814	2,316	401	45	2,763
Due to credit institutions	9,818	5,362	4,700	19,880	20,146	7,639	6,691	34,477
Due to customers	118,204	26,327	686	145,217	109,246	24,915	703	134,864
Debt securities	91,909	1,638	4,410	97,957	89,097	510	3,937	93,543

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2013				Dec. 31, 2012			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income (expense)	6,298	1,966	181	8,445	6,193	1,793	173	8,159
General operating expenses	-3,774	-1,346	-79	-5,198	-3,802	-1,266	-72	-5,140
Gross operating income	2,524	621	102	3,247	2,391	526	101	3,019
Net additions to/reversals from provisions for loan losses	-673	-290	-2	-965	-556	-360	-46	-962
Net gain (loss) on disposal of other assets**	4	5	9	18	-10	-106	-30	-146
Net income before tax	1,855	336	109	2,300	1,825	60	25	1,910
Net income	1,141	266	77	1,484	1,190	17	-8	1,200
Net income attributable to the Group	913	216	83	1,211	961	-37	5	930

** USA, Singapore, Tunisia and Morocco.*

In 2013, 28% of net banking income (excluding the logistics and holding business line) came from foreign operations.

*** Including net income of associates and impairment losses on goodwill.*

NOTE 3 - Scope of consolidation

The Group's parent company is Banque Federative du Credit Mutuel.

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network							
Banque du Crédit Mutuel Ile-de-France (BCMI)	France	100	100	FC	100	100	FC
Banque Européenne du Crédit Mutuel (BECM)	France	96	96	FC	96	96	FC
CIC Est	France	100	93	FC	100	93	FC
CIC Iberbanco	France	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	France	100	93	FC	100	93	FC
CIC Nord Ouest	France	100	93	FC	100	93	FC
CIC Ouest	France	100	93	FC	100	93	FC
CIC Sud Ouest	France	100	93	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	France	93	93	FC	93	93	FC
Targobank AG & Co. KgaA	Germany	100	100	FC	100	100	FC
Targobank Spain	Spain	50	50	PC	50	50	PC

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
B. Banking network - subsidiaries							
Banca Popolare di Milano	Italy	7	6	EM	7	6	EM
Bancas	France	50	50	PC	50	50	PC
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banque de Tunisie	Tunisia	34	34	EM	20	20	EM
Banque du Groupe Casino	France	50	50	PC	50	50	PC
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	96	FC	100	96	FC
Banque Marocaine du Commerce Extérieur (BMCE)	Morocco	26	26	EM	26	26	EM
Cartes et crédits à la consommation	France	100	100	FC	100	100	FC
CM-CIC Asset Management	France	74	73	FC	74	73	FC
CM-CIC Bail	France	99	92	FC	99	92	FC
CM-CIC Epargne salariale	France	100	93	FC	100	93	FC
CM-CIC Factor	France	96	89	FC	96	88	FC
CM-CIC Gestion	France	100	73	FC	100	93	FC
CM-CIC Home Loan SFH	France	100	100	FC	100	100	FC
CM-CIC Lease	France	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	Belgium	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	Germany	100	92	FC	100	92	FC
Cofidis Argentina	Argentina	66	36	FC	66	28	FC
Cofidis Belgium	Belgium	100	55	FC	100	43	FC
Cofidis France	France	100	55	FC	100	43	FC
Cofidis Italy	Italy	100	55	FC	100	43	FC
Cofidis Czech Republic	Czech Republic	100	55	FC	100	43	FC
Cofidis Slovakia	Slovakia	100	55	FC	100	43	FC
Creatis	France	100	55	FC	100	43	FC
FCT CMCIC Home loans	France	100	100	FC	100	100	FC
Monabanq	France	100	55	FC	100	43	FC
Saint-Pierre SNC	France	100	93	FC	100	93	FC
SCI La Tréflière	France	46	46	EM	46	46	EM
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France	100	55	FC	100	98	FC
Sofim	France	100	93	FC	100	93	FC
Targo Dienstleistungs GmbH	Germany	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	Germany	100	100	FC	100	100	FC
C. Financing and capital markets							
Cigogne Management	Luxembourg	100	96	FC	100	96	FC
CM-CIC Securities	France	100	93	FC	100	93	FC
Diversified Debt Securities	Luxembourg	100	93	FC	100	93	FC
Divhold	Luxembourg	100	93	FC	100	93	FC
Lafayette CLO 1 LtD	Cayman Islands	100	93	FC	100	93	FC
Ventadour Investissement	France	100	100	FC	100	100	FC
D. Private banking							
Agefor SA Genève	Switzerland	70	65	FC	70	65	FC
Alternative gestion SA Genève	Switzerland			NC	45	57	EM
Banque de Luxembourg	Luxembourg	100	93	FC	100	93	FC
Banque Pasche	Switzerland	100	93	FC	100	93	FC
Banque Pasche (Liechtenstein) AG	Liechtenstein	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	Monaco	100	93	FC	100	93	FC
Banque Transatlantique	France	100	93	FC	100	93	FC
Banque Transatlantique Belgium	Belgium	100	93	FC	100	92	FC
Banque Transatlantique Luxembourg	Luxembourg	100	93	FC	100	93	FC
Banque Transatlantique Singapore	Singapore	100	93	FC	100	93	FC
Calypso Management Company	Cayman Islands	70	65	FC	70	65	FC
CIC Switzerland	Switzerland	100	93	FC	100	93	FC
Dubly-Douilhet Gestion	France	100	93	FC	63	58	FC
LRM Advisory SA	Bahamas	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	Bahamas	100	93	FC	100	93	FC
Pasche Finance SA Fribourg	Switzerland	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil	100	93	FC	50	46	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil	97	90	FC	52	48	FC
Serficom Family Office Inc	Bahamas	100	93	FC	100	93	FC
Serficom Family Office SA	Switzerland	100	93	FC	100	93	FC
Transatlantique Gestion	France	100	93	FC	100	93	FC
Valeroso Management Ltd				NC	100	93	FC
E. Private equity							
CM-CIC Capital Finance	France	100	93	FC	100	93	FC
CM-CIC Capital Innovation	France	100	93	FC	100	92	FC
CM-CIC Conseil	France	100	93	FC	100	93	FC
CM-CIC Investissement	France	100	93	FC	100	92	FC
CM-CIC Proximité	France	100	93	FC			NC
Sudinnova	France	66	61	FC	66	61	FC

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
F. Logistics and holding company services							
Adepi	France	100	93	FC	100	93	FC
Carmen Holding Investissement	France	100	100	FC	84	84	FC
CIC Migrations	France	100	93	FC	100	93	FC
CIC Participations	France	100	93	FC	100	93	FC
Cicor	France	100	93	FC	100	93	FC
Cicoval	France	100	93	FC	100	93	FC
CM Akquisitions	Germany	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	45	46	EM	45	46	EM
Cofidis Participations	France	55	55	FC	51	43	FC
Efsa	France	100	93	FC	100	93	FC
Est Bourgogne Rhone Alpes (EBRA)	France	100	100	FC	100	100	FC
Euro-Information	France	26	25	EM	26	25	EM
Euro Protection Surveillance	France	25	25	EM	25	25	EM
France Est	France			MER	100	98	FC
Gesteurop	France	100	93	FC	100	93	FC
Gestunion 2	France	100	93	FC	100	93	FC
Gestunion 3	France	100	93	FC	100	93	FC
Gestunion 4	France	100	93	FC	100	93	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	100	FC	100	100	FC
Impex Finance	France	100	93	FC	100	93	FC
L'Est Républicain	France	92	92	FC	92	91	FC
Marsovalor	France	100	93	FC	100	93	FC
Pargestion 2	France	100	93	FC	100	93	FC
Pargestion 4	France	100	93	FC	100	93	FC
Placinvest	France	100	93	FC	100	93	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	France	50	50	FC	50	50	FC
Société de Presse Investissement (SPI)	France	100	100	FC	100	90	FC
Société Française d'Edition de Journaux et d'Imprimés Commerciaux (SFEJIC)	France	99	97	FC	99	97	FC
Sofiholding 2	France	100	93	FC	100	93	FC
Sofiholding 3	France	100	93	FC	100	93	FC
Sofiholding 4	France	100	93	FC	100	93	FC
Sofinaction	France	100	93	FC	100	93	FC
Targo Akademie GmbH	Germany	100	100	FC	100	100	FC
Targo Deutschland GmbH	Germany	100	100	FC	100	100	FC
Targo IT Consulting GmbH	Germany	100	100	FC	100	100	FC
Targo Management AG	Germany	100	100	FC	100	100	FC
Targo Realty Services GmbH	Germany	100	100	FC	100	100	FC
Ufigestion 2	France	100	93	FC	100	93	FC
Ugépar Service	France	100	93	FC	100	93	FC
Valimar 2	France	100	93	FC	100	93	FC
Valimar 4	France	100	93	FC	100	93	FC
VTP 1	France	100	93	FC	100	93	FC
VTP 5	France	100	93	FC	100	93	FC
G. Insurance companies							
ACM GIE	France	100	72	FC	100	72	FC
ACM IARD	France	96	69	FC	96	69	FC
ACM Nord IARD	France	49	35	EM	49	35	EM
ACM RE	Luxembourg	100	72	FC	100	72	FC
ACM Services	France	100	72	FC	100	72	FC
ACM Vie	France	100	72	FC	100	72	FC
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	73	59	FC	60	50	FC
Agrupació Bankpyme Pensiones	Spain	73	59	FC	60	50	FC
Agrupació Serveis Administratius	Spain	73	59	FC	60	50	FC
AMDIF	Spain	73	59	FC	60	50	FC
AMSYR	Spain	73	59	FC	60	50	FC
Assistencia Avançada Barcelona	Spain	73	59	FC	60	50	FC
Astree	Tunisia	30	22	EM	30	22	EM
Groupe des Assurances du Crédit Mutuel (GACM)	France	73	72	FC	73	72	FC
ICM Life	Luxembourg	100	72	FC	100	72	FC
Immobilière ACM	France	100	72	FC	100	72	FC
Partners	Belgium	100	72	FC	100	72	FC
Procourtage	France	100	72	FC	100	72	FC
RMA Watanya	Morocco	22	16	EM	22	16	EM
Royal Automobile Club de Catalogne	Spain	49	35	EM	49	35	EM
Serenis Assurances	France	100	72	FC	100	71	FC
Serenis Vie	France	100	72	FC	100	72	FC
Voy Mediación	Spain	90	63	FC	90	63	FC

	Country	Dec. 31, 2013			Dec. 31, 2012		
		Percent control	interest	Method *	Percent control	interest	Method *
H. Other companies							
Affiches D'Alsace Lorraine	France	100	98	FC	100	89	FC
Agence Générale d'informations régionales	France	100	98	FC	100	98	FC
Alsace Média Participation	France	100	98	FC	100	89	FC
Alsacienne de Portage des DNA	France	100	98	FC	100	89	FC
CM-CIC Immobilier	France	100	100	FC	100	100	FC
Distripub	France	100	97	FC	100	97	FC
Documents AP	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	100	FC	100	100	FC
Est Imprimerie	France			NC	100	100	FC
Foncière Massena	France	100	72	FC	100	72	FC
France Régie	France	100	98	FC	100	89	FC
GEIE Synergie	France	100	55	FC	100	43	FC
Groupe Progrès	France	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	100	FC	100	100	FC
Immocity	France	100	100	FC	100	100	FC
Imprimerie Michel	France			NC	100	100	FC
Interprint	France			NC	100	100	FC
Jean Bozzi Communication	France	100	100	FC	100	100	FC
Journal de la Haute Marne	France	50	46	EM	50	46	EM
La Liberté de l'Est	France	97	89	FC	97	89	FC
La Tribune	France	100	100	FC	100	100	FC
L'Alsace	France	100	97	FC	100	97	FC
Le Dauphiné Libéré	France	100	100	FC	100	100	FC
Le Républicain Lorrain	France	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	France	100	98	FC	99	89	FC
Les Dernières Nouvelles de Colmar	France	100	98	FC	100	89	FC
Les Editions de l'Echiquier	France	100	97	FC	100	97	FC
Lumedia	Luxembourg	50	50	PC	50	50	PC
Massena Property	France	100	72	FC	100	72	FC
Massimob	France	100	69	FC	100	69	FC
Mediaportage	France	100	97	FC	100	97	FC
Presse Diffusion	France	100	100	FC	100	100	FC
Promopresse	France			MER	100	100	FC
Publiprint Dauphiné	France	100	100	FC	100	100	FC
Publiprint province n°1	France	100	100	FC	100	100	FC
Républicain Lorrain Communication	France	100	100	FC	100	100	FC
Républicain Lorrain Tv News	France	100	100	FC	100	100	FC
Roto Offset	France	100	97	FC	100	97	FC
SCI ACM	France	87	62	FC	83	60	FC
SCI Alsace	France	90	87	FC	90	87	FC
SCI Gutenberg	France			NC	100	100	FC
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SDV Plurimédia	France			NC	20	18	EM
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura	France	100	100	FC	100	100	FC

* Method:
FC = full consolidation
PC = proportional consolidation
EM = equity method
NC = not consolidated
MER = merged

Information on geographic locations included in the consolidation scope

Country	Net banking income	Average number of employees
Germany	1,006	6,735
Netherlands Antilles	2	6
Bahamas	3	10
Belgium	125	527
Brazil		2
Spain	269	1,575
United States	129	83
France	6,296	28,577
Hungary	16	138
Cayman Islands	-2	
Italy	23	133
Liechtenstein	5	22
Luxembourg	274	751
Monaco	3	22
Portugal	118	394
Czech Republic	10	108
UK	40	51
Singapore	53	195
Slovakia	0	2
Switzerland	74	355
Total	**8,445**	**39,686**

The group has no sites meeting the criteria stipulated in the decree of October 6, 2009 in the non-cooperative states or territories included in the list established by the order of August 21, 2013.

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2013	Dec. 31, 2012
Cash and amounts due from central banks		
Due from central banks	14,133	8,879
including reserve requirements	1,396	1,335
Cash	646	550
Total	**14,778**	**9,429**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts (1)	4,831	5,425
Other current accounts	3,783	2,426
Loans	41,258	57,460
Other receivables	668	633
Securities not listed in an active market	1,812	2,344
Resale agreements	2,615	1,403
Individually impaired receivables	8	925
Accrued interest	329	367
Impairment provisions	-4	-280
Total	**55,300**	**70,703**

(1) mainly outstanding CDC (Caisse des Dépôts et Consignations) repayments relating to LEP, LDD and Livret bleu passbook savings accounts.

4b - Amounts due to credit institutions

	Dec. 31, 2013	Dec. 31, 2012
Due to central banks	460	343
Due to credit institutions		
Other current accounts	4,024	8,741
Borrowings	14,646	24,634
Other debt	161	298
Resale agreements	992	656
Accrued interest	57	147
Total	**20,340**	**34,820**

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

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

	Dec. 31, 2013			Dec. 31, 2012		
	Held for trading	Fair value option	Total	Held for trading	Fair value option	Total
. Securities	10,986	13,570	24,555	15,148	14,784	29,932
- Government securities	1,764	1	1,765	1,644	1	1,645
- Bonds and other fixed-income securities	8,685	2,795	11,480	13,186	2,765	15,952
. Quoted	*8,685*	*2,476*	*11,160*	*13,186*	*2,716*	*15,902*
. Not quoted	*0*	*319*	*319*	*0*	*50*	*50*
- Equities and other variable-income securities	537	10,774	11,311	317	12,019	12,336
. Quoted	*537*	*9,038*	*9,575*	*317*	*10,259*	*10,577*
. Not quoted	*0*	*1,736*	*1,736*	*0*	*1,759*	*1,759*
. Trading derivative instruments	6,176	0	6,176	2,848	0	2,848
. Other financial assets		10,571	10,571		10,311	10,311
including resale agreements		*10,571*	*10,571*		*10,311*	*10,311*
TOTAL	**17,162**	**24,141**	**41,303**	**17,996**	**25,096**	**43,091**

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

	Dec. 31, 2013	Dec. 31, 2012
Financial liabilities held for trading	10,850	7,619
Financial liabilities at fair value by option through profit or loss	19,559	23,351
TOTAL	**30,408**	**30,970**

Financial liabilities held for trading

	Dec. 31, 2013	Dec. 31, 2012
. Short selling of securities	1,810	1,507
- Bonds and other fixed-income securities	1,192	1,048
- Equities and other variable-income securities	617	458
. Trading derivative instruments	8,204	5,603
. Other financial liabilities held for trading	836	509
TOTAL	**10,850**	**7,619**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2013			Dec. 31, 2012		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
. Securities issued	184	184	0	24	24	0
. Interbank liabilities	17,088	17,088	0	22,723	22,720	3
. Due to customers	2,287	2,287	0	604	604	0
Total	**19,559**	**19,559**	**-0**	**23,351**	**23,348**	**3**

Own credit risk is deemed immaterial.

5c - Fair value hierarchy

Dec. 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	76,838	929	1,366	79,133
- Government and similar securities - AFS	20,937	53	0	20,990
- Bonds and other fixed-income securities - AFS	48,867	831	410	50,108
- Equities and other variable-income securities - AFS	6,166	5	111	6,282
- Investments in non-consolidated companies and other LT investments - AFS	858	22	527	1,407
- Investments in associates - AFS	10	18	318	346
Held for trading / Fair value option (FVO)	20,509	18,361	2,433	41,303
- Government and similar securities - Held for trading	1,499	100	165	1,764
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	7,207	1,224	254	8,685
- Bonds and other fixed-income securities - FVO	2,294	132	369	2,795
- Equities and other variable-income securities - Held for trading	531	0	6	537
- Equities and other variable-income securities - FVO	8,924	374	1,476	10,774
- Loans and receivables due from credit institutions - FVO	0	5,505	0	5,505
- Loans and receivables due from customers - FVO	0	5,066	0	5,066
- Derivative instruments and other financial assets - Held for trading	53	5,965	158	6,176
Hedging derivative instruments	0	3,767	3	3,770
Total	**97,347**	**23,062**	**3,797**	**124,206**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,689	27,566	154	30,409
- Due to credit institutions - FVO	0	17,088	0	17,088
- Due to customers - FVO	0	2,287	0	2,287
- Debt securities - FVO	0	184	0	184
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,689	8,018	143	10,850
Hedging derivative instruments	0	3,806	8	3,814
Total	**2,689**	**31,383**	**151**	**34,223**

Dec. 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	61,765	458	1,346	63,569
- Government and similar securities - AFS	11,912	32	0	11,944
- Bonds and other fixed-income securities - AFS	44,003	399	464	44,866
- Equities and other variable-income securities - AFS	5,007	0	100	5,107
- Investments in non-consolidated companies and other LT investments - AFS	836	9	469	1,314
- Investments in associates - AFS	7	18	313	338
Held for trading / Fair value option (FVO)	24,726	16,161	2,205	43,092
- Government and similar securities - Held for trading	1,558	86	0	1,644
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	10,124	2,670	392	13,186
- Bonds and other fixed-income securities - FVO	2,711	50	4	2,765
- Equities and other variable-income securities - Held for trading	307	0	10	317
- Equities and other variable-income securities - FVO	9,976	349	1,694	12,019
- Loans and receivables due from credit institutions - FVO	0	5,802	0	5,802
- Loans and receivables due from customers - FVO	0	4,510	0	4,510
- Derivative instruments and other financial assets - Held for trading	49	2,694	105	2,848
Hedging derivative instruments	0	2,610	4	2,614
Total	**86,491**	**19,229**	**3,555**	**109,275**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,082	28,790	98	30,970
- Due to credit institutions - FVO	0	22,723	0	22,723
- Due to customers - FVO	0	604	0	604
- Debt securities - FVO	0	24	0	24
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,082	5,439	98	7,619
Hedging derivative instruments	0	2,726	37	2,763
Total	**2,082**	**31,516**	**135**	**33,733**

There are three levels of fair value of financial instruments, as defined by IFRS 7:
- Level 1 instruments: valued using stock market prices. In the case of capital markets activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.
- Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital markets activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in Level 3.
- Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

Level 2 and 3 instruments held in the trading portfolio mainly comprise securities deemed to have poor liquidity and derivatives for which at least one of the underlyings is deemed to have poor liquidity.
The uncertainties inherent in measuring all of these instruments result in measurement adjustments reflecting the risk premium taken into account by market operators when setting the price.
These measurement adjustments enable the inclusion, in particular, of risks that would not be built into the model, liquidity risks associated with the instrument or parameter in question, specific risk premiums intended to offset certain additional costs inherent in the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk associated with positive fair values for over-the-counter derivatives. The methods used may change over time. The latter includes proprietary counterparty risk associated with negative fair values for over-the-counter derivatives.

In determining measurement adjustments, each risk factor is considered individually; the diversification effect between different risks, parameters and models is not taken into account. In general, a portfolio approach is used for any given risk factor.

Level 3 details	Jan. 1, 2013	Purchases	Sales	Gains and losses recognized in profit	Other movements	Dec. 31, 2013
- Equities and other variable-income securities - FVO	1,694	193	-181	45	-275	1,476

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2013	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Associated amounts not offset: Effect of offset framework agreements	Associated amounts not offset: Financial instruments received in guarantee	Associated amounts not offset: Cash collateral received	Net amount
Financial assets							
Derivatives	9,947	0	9,947	-4,979	0	-1,440	3,527
Resale agreements	13,644	0	13,644	0	-13,519	-34	91
Total	**23,591**	**0**	**23,591**	**-4,979**	**-13,519**	**-1,475**	**3,618**

Dec. 31, 2013	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Associated amounts not offset: Effect of offset framework agreements	Associated amounts not offset: Financial instruments given in guarantee	Associated amounts not offset: Cash collateral paid	Net amount
Financial liabilities							
Derivatives	12,015	0	12,015	-4,922	0	-5,570	1,523
Resale agreements	20,340	0	20,340	0	-19,542	-787	12
Total	**32,356**	**0**	**32,356**	**-4,922**	**-19,542**	**-6,357**	**1,535**

Dec. 31, 2012	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Associated amounts not offset: Effect of offset framework agreements	Associated amounts not offset: Financial instruments received in guarantee	Associated amounts not offset: Cash collateral received	Net amount
Financial assets							
Derivatives	5,461	0	5,461	-1,236	0	-524	3,701
Resale agreements	12,509	0	12,509	0	-12,160	-153	195
Total	**17,970**	**0**	**17,970**	**-1,236**	**-12,160**	**-677**	**3,896**

Dec. 31, 2012	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Associated amounts not offset: Effect of offset framework agreements	Associated amounts not offset: Financial instruments given in guarantee	Associated amounts not offset: Cash collateral paid	Net amount
Financial liabilities							
Derivatives	8,363	0	8,363	-1,192	0	-5,954	1,218
Resale agreements	24,184	0	24,184	0	-23,401	-679	104
Total	**32,547**	**0**	**32,547**	**-1,192**	**-23,401**	**-6,633**	**1,322**

This information, required pursuant to an amendment to IFRS 7 applicable since January 1, 2013, is intended to improve comparability with disclosures under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.
Pursuant to IAS 32, the Group does not offset carrying amounts, hence the absence of any figures in the second column. The "Effect of offset framework agreements" column shows outstanding amounts on transactions under binding agreements that have not been offset in the financial statements.
The "Financial instruments received/given in guarantee" column comprises the market value of securities exchanged as collateral.
The "Cash collateral received/paid" column includes guarantee deposits received or given in respect of positive or negative market values of financial instruments. They are recognised as "Other assets or liabilities" in the statement of financial position .

NOTE 6 - Hedging

6a - Hedging derivative instruments

	Dec. 31, 2013		Dec. 31, 2012	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	4	11	4	46
. Fair value hedges (change in value recognized through profit or loss)	3,766	3,803	2,610	2,717
TOTAL	**3,770**	**3,814**	**2,614**	**2,763**

Fair value hedging is the hedging of exposure against a change in the fair value of a financial instrument attributable to a specific risk. The portion attributable to the hedged risk of changes in the fair value of the hedge and of the hedged items is recognized through profit or loss.

6b - Remeasurement adjustment on interest-rate risk hedged investments

	Fair value Dec. 31, 2013	Fair value Dec. 31, 2012	Change in fair value
Fair value of interest-rate risk by investment category			
. financial assets	562	852	-290
. financial liabilities	-1,252	-1,947	695

6c - Analysis of derivative instruments

	Dec. 31, 2013			Dec. 31, 2012		
	Notional	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	230,854	4,748	6,570	290,445	2,045	4,522
Other forward contracts	13,022	5	1	14,796	4	2
Options and conditional transactions	24,940	112	238	23,447	92	265
Foreign exchange derivative instruments						
Swaps	75,932	21	42	81,679	20	71
Other forward contracts	71	341	325	10,871	401	391
Options and conditional transactions	22,393	54	54	16,193	53	52
Derivative instruments other than interest-rate and foreign exchange						
Swaps	13,276	109	180	13,553	74	138
Other forward contracts	1,572	0	0	1,744	0	0
Options and conditional transactions	27,183	785	795	4,550	158	162
Sub-total	**409,242**	**6,176**	**8,204**	**457,278**	**2,848**	**5,603**
Hedging derivative instruments						
Fair value hedges						
Swaps	76,215	3,766	3,803	74,463	2,609	2,717
Options and conditional transactions	1	0	0	1	0	0
Cash flow hedges						
Swaps	217	4	8	165	4	41
Other forward contracts	0	0	3	0	0	5
Sub-total	**76,433**	**3,770**	**3,814**	**74,630**	**2,614**	**2,763**
Total	**485,676**	**9,947**	**12,018**	**531,907**	**5,461**	**8,366**

The IFRS 13 standard, which concerns the fair value measurement, took effect January 1, 2013. Concerning OTC derivatives, it modifies the procedures for evaluating counterparty risk included in their fair value by taking into account the credit value adjustment ("CVA") and the debt value adjustment ("DVA")—which involves taking into account own credit risk—and the funding value adjustment ("FVA")—which corresponds to costs or benefits concerning the financing of certain derivatives not covered by a compensation agreement.

Since the first application of this standard was prospective, its effects on the consolidated financials were recorded in income. The CVA and FVA were -€24 million and -€10 million, respectively, at December 31, 2013. They were -€28 and €0 million at December 31, 2012. The DVA was insignificant.

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2013	Dec. 31, 2012
. Government securities	20,856	11,809
. Bonds and other fixed-income securities	50,000	44,766
- Listed	49,781	44,149
- Unlisted	219	617
. Equities and other variable-income securities	6,282	5,119
- Listed	6,145	4,966
- Unlisted	137	153
. Long-term investments	1,742	1,625
- Investments in non-consolidated companies	1,274	1,177
- Other long-term investments	133	133
- Investments in associates	335	311
- Securities lent	1	4
. Accrued interest	254	251
TOTAL	**79,133**	**63,570**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*99*	*-80*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*761*	*545*
Including impairment of bonds and other fixed-income securities	*-80*	*-88*
Including impairment of equities and other variable-income securities and long-term investments	*-1,814*	*-1,986*

7b - List of main investments in non-consolidated companies

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,488	9,921	255	104
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	313	55,338	5	2
Foncière des Régions	Quoted	< 10%	6,062	14,117	713	59
Veolia Environnement	Quoted	< 5%	9,126	44,612	29,439	530

The figures above (excluding the percentage of interest) relate to 2012.

7c - Exposure to sovereign risk

Countries benefiting from aid packages

Net exposure*	**Dec. 31, 2013**		**Dec. 31, 2012**	
	Portugal	**Ireland**	**Portugal**	**Ireland**
Financial assets at fair value through profit or loss	7			
Available-for-sale financial assets	63	102	63	100
Held-to-maturity financial assets				
TOTAL	**70**	**102**	**63**	**100**

** Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.*

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year	13			
1 to 3 years			13	
3 to 5 years	50			
5 to 10 years	2	94	50	93
> 10 years	5	8		7
Total	**70**	**102**	**63**	**100**

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2013		Dec. 31, 2012	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	248	14	204	39
Available-for-sale financial assets	100	3,370	54	3,472
Held-to-maturity financial assets				
TOTAL	**348**	**3,384**	**258**	**3,511**

Capital markets activities are shown at market value and other businesses at par value. Outstandings are shown net of credit default swaps.

Residual contractual maturity	Spain	Italy	Spain	Italy
< 1 year	181	2,225	81	30
1 to 3 years	138	379	118	2,645
3 to 5 years	20	349	29	206
5 to 10 years	0	198	13	382
> 10 years	8	233	16	248
Total	**348**	**3,384**	**258**	**3,511**

NOTE 8 - Customers

Loans and receivables due from customers

	Dec. 31, 2013	Dec. 31, 2012
Performing loans	157,221	154,164
. Commercial loans	4,877	4,722
. Other customer loans	151,462	148,881
- Home loans	66,238	63,746
- Other loans and receivables, including repurchase agreements	85,224	85,135
. Accrued interest	307	316
. Securities not listed in an active market	576	245
Insurance and reinsurance receivables	198	180
Individually impaired receivables	10,456	8,897
Gross receivables	**167,875**	**163,241**
Individual impairment	-6,822	-5,656
Collective impairment	-586	-490
SUB-TOTAL I	**160,467**	**157,096**
Finance leases (net investment)	9,238	8,809
. Furniture and movable equipment	5,421	5,293
. Real estate	3,469	3,144
. Individually impaired receivables	348	373
Impairment provisions	-137	-130
SUB-TOTAL II	**9,101**	**8,680**
TOTAL	**169,568**	**165,775**
of which non-voting loan stock	*12*	*11*
of which subordinated notes	*18*	*13*

Finance leases with customers

	Dec. 31, 2012	Acquisition	Sale	Other	Dec. 31, 2013
Gross carrying amount	8,809	1,679	-1,256	6	9,238
Impairment of irrecoverable rent	-130	-34	27	0	-137
Net carrying amount	8,680	1,645	-1,229	6	9,101

Maturity analysis of minimum future lease payments receivable under finance leases

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease payments receivable	2,659	4,862	2,012	9,533
Present value of future lease payments	2,505	4,681	2,003	9,189
Unearned finance income	**154**	**181**	**9**	**344**

8b - Amounts due to customers

	Dec. 31, 2013	Dec. 31, 2012
. Regulated savings accounts	39,661	39,098
- demand	30,065	30,071
- term	9,597	9,027
. Accrued interest	1	3
Sub-total	**39,662**	**39,101**
. Current accounts	55,045	47,682
. Term deposits and borrowings	49,741	47,293
. Resale agreements	166	202
. Accrued interest	512	501
. Insurance and reinsurance payables	91	85
Sub-total	**105,555**	**95,762**
TOTAL	**145,217**	**134,864**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2013	Dec. 31, 2012
. Securities	10,174	11,605
- Government securities	0	0
- Bonds and other fixed-income securities	10,174	11,605
. Quoted	10,148	11,560
. Not quoted	26	45
. Accrued interest	1	1
GROSS TOTAL	**10,175**	**11,606**
of which impaired assets	*25*	*25*
Impairment provisions	-16	-14
NET TOTAL	**10,159**	**11,593**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2012	Additions	Reversals	Other(1)	Dec. 31, 2013
Loans and receivables due from credit institutions	-280	0	2	275	-4
Loans and receivables due from customers	-6,275	-1,370	1,273	-1,173	-7,545
Available-for-sale securities	-2,074	-20	203	-4	-1,895
Held-to-maturity securities	-14	-3	0	0	-16
Total	**-8,643**	**-1,393**	**1,479**	**-902**	**-9,460**

(1) Includes - €1,163 million following the reconstitution of provisions fully amortized over more than 5 years in Targobank Germany. The restated total at end-2012 of these provisions was - €11, 240 million as opposed to - €10,077 million.
At December 31, 2013, provisions on loans and receivables due from customers totalled €7,545 million (€7,438 million restated at end-2012), of which €586 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €673 million (€707 million at end-2012) and to provisions on commercial receivables and other receivables (including home loans) for €6,148 million (€6,112 million restated at end- 2012).

NOTE 11 - Reclassifications of financial instruments

Pursuant to the revised accounting regulations and in the rare situation of a market that was in total disarray, on July 1, 2008, CIC transferred €18.8 billion of assets from the trading portfolio into the available-for-sale portfolio (€16.1 billion) and into the loans and receivables portfolio (€2.7 billion), and €6.5 billion from the available-for-sale portfolio into the loans and receivables portfolio (€5.9 billion) and the held-to-maturity portfolio (€0.6 billion). No further transfers have been made since that date.

	Dec. 31, 2013		Dec. 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	2,109	2,193	2,929	2,910
AFS portfolio	4,685	4,684	5,489	5,492

	Dec. 31, 2013	Dec. 31, 2012
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	-97	635
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	154	-498
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	19	92

NOTE 12 - Exposures affected by the financial crisis

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

Summary	Carrying amount Dec. 31, 2013	Carrying amount Dec. 31, 2012
RMBS	1,919	2,391
CMBS	558	333
CLO	1,462	943
Other ABS	734	731
CLO hedged by CDS	476	833
Other ABS hedged by CDS	22	25
Liquidity facilities for ABCP programs	303	351
TOTAL	5,474	5,606

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2013	RMBS	CMBS	CLO	Other ABS	Total
Trading	700	498	133	294	1,625
AFS	450	60	520	295	1,325
Loans	769		809	145	1,723
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
France		2		376	379
Spain	106			22	128
United Kingdom	259			55	314
Europe excluding France, Spain and United Kingdom	806	75	1,008	266	2,155
USA	696	481	123	14	1,313
Rest of the world	52		331		383
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
US Agencies	243				243
AAA	619	472	971	492	2,553
AA	208		413	65	687
A	203	19	41	124	387
BBB	89	67	12	27	195
BB	72		17		89
B or below	485			25	510
Not rated	0		8		8
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
Originating 2005 or before	315	362	18	12	707
Originating 2006	303	113	204	10	630
Originating 2007	593	74	409	53	1,129
Originating since 2008	708	10	830	658	2,206
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**

Exposures at December 31, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	921	269	15	505	1,710
AFS	478	64	29	75	646
Loans	992		899	151	2,042
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
France	1	2		519	522
Spain	105			68	173
United Kingdom	244			47	291
Europe excluding France, Spain and United Kingdom	706	64	664	72	1,506
USA	1,232	267	279	25	1,803
Rest of the world	103				103
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
US Agencies	447				447
AAA	546	259	383	462	1,650
AA	239		488	53	780
A	188	10	47	150	395
BBB	66	64	12	19	161
BB	101		14		114
B or below	804			47	851
Not rated					0
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
Originating 2005 or before	400	98		28	526
Originating 2006	508	60	180	45	793
Originating 2007	746	175	418	60	1,399
Originating since 2008	736	0	346	598	1,680
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2013	Dec. 31, 2012
Asset (through income statement)	710	701
Liability (through income statement)	336	446

13b - Deferred income tax

	Dec. 31, 2013	Dec. 31, 2012
Asset (through income statement)	648	625
Asset (through shareholders' equity)	121	249
Liability (through income statement)	490	486
Liability (through shareholders' equity)	361	320

Breakdown of deferred income tax by major categories

	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities	Dec. 31, 2012 Assets	Dec. 31, 2012 Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	121	361	249	320
- Impairment provisions	381		375	
- Unrealized finance lease reserve		207		144
- Earnings of fiscally transparent (pass-through) companies		0		1
- Remeasurement of financial instruments	643	610	734	104
- Accrued expenses and accrued income	97	22	94	752
- Tax losses (1)(2)	49		63	
- Insurance activities	30	173	28	174
- Other timing differences	30	60	98	78
. Netting	-582	-582	-767	-767
Total deferred tax assets and liabilities	770	851	873	805

Deferred taxes are calculated using the liability method. For the French entities, the deferred tax rate corresponds to the usual tax rate applicable to each entity concerned (38% or 34.43%) for timing differences reversing in 2014 and 34.43% for subsequent years.
(1) Of which, in respect of the United States: €25 million at December 31, 2013 and €50 million at December 31, 2012.
(2) Tax losses are a source of deferred tax assets to the extent that they have a high probability of recovery.

NOTE 14 - Accruals, other assets and other liabilities

14a - Accruals and other assets

	Dec. 31, 2013	Dec. 31, 2012
Accruals - assets		
Collection accounts	239	188
Currency adjustment accounts	4	83
Accrued income	430	404
Other accruals	2,744	2,296
Sub-total	**3,417**	**2,972**
Other assets		
Securities settlement accounts	107	79
Guarantee deposits paid	6,002	8,069
Miscellaneous receivables	2,947	6,191
Inventories	13	13
Other	52	49
Sub-total	**9,122**	**14,402**
Other insurance assets		
Technical reserves - reinsurers' share	265	269
Other expenses	88	83
Sub-total	**353**	**353**
Total	**12,892**	**17,727**

14b - Accruals and other liabilities

	Dec. 31, 2013	Dec. 31, 2012
Accruals - liabilities		
Accounts unavailable due to collection procedures	129	153
Currency adjustment accounts	188	6
Accrued expenses	705	643
Deferred income	651	639
Other accruals	4,695	7,435
Sub-total	**6,369**	**8,877**
Other liabilities		
Securities settlement accounts	114	123
Outstanding amounts payable on securities	74	100
Other payables	2,815	4,163
Sub-total	**3,003**	**4,386**
Other insurance liabilities		
Deposits and guarantees received	182	167
Sub-total	**182**	**167**
Total	**9,554**	**13,430**

NOTE 15 - Investments in associates

Equity value and share of net income (loss)

			Dec. 31, 2013 Percent interest	Dec. 31, 2013 Investment value	Dec. 31, 2013 Share of net income (loss)	Dec. 31, 2012 Percent interest	Dec. 31, 2012 Investment value	Dec. 31, 2012 Share of net income (loss)
ACM Nord	Unlisted	Unlisted	49.00%	28	6	49.00%	22	6
ASTREE Assurance	Listed	Listed	30.00%	16	2	30.00%	17	1
Banca Popolare di Milano (1)	Listed	Listed	6.87%	103	-47	6.87%	142	-58
Banco Popular Español	Listed	Listed	4.41%	484	16	4.37%	410	-105
Banque de Tunisie	Listed	Listed	33.52%	159	12	20.00%	52	6
Banque Marocaine du Commerce Extérieur	Listed	Listed	26.21%	940	35	26.21%	923	16
CMCP	Unlisted	Unlisted		5	0		5	0
Euro Information	Unlisted	Unlisted	26.36%	245	21	26.36%	222	20
Euro Protection Surveillance	Unlisted	Unlisted	25.00%	7	4	25.00%	3	3
RMA Watanya (2)	Unlisted	Unlisted	22.02%	151	-39	22.02%	209	-25
Royal Automobile Club de Catalogne	Unlisted	Unlisted	48.99%	45	4	48.99%	59	4
SCI Treflière	Unlisted	Unlisted	46.09%	11	0	46.09%	12	1
Other	Unlisted	Unlisted		2	1		3	1
TOTAL				**2,196**	**13**		**2,079**	**-131**

(1) The share of the loss of Banca Popolare di Milano amounting to €47 million includes a €34 million impairment loss on this investment.
(2) Goodwill relating to RMA of €87 million was written down in the amount of €15 million in 2013.

Financial data published by the major associates

	Total assets	NBI or revenue	Net income (loss)
ACM Nord	165	142	12
ASTREE Insurance(1)(2)	388	109	11
Banca Popolare di Milano(1)	52,475	1,550	-435
Banco Popular Español	147,852	3,707	325
Banque de Tunisie(1)(2)	3,745	161	63
Banque Marocaine du Commerce Extérieur(1)(3)	230,889	9,017	1,579
Euro Information	932	919	76
Euro Protection Surveillance	95	118	15
RMA Watanya(1)(3)	261,296	4,670	-1,205
Royal Automobile Club de Catalogne	192	123	8

(1) 2012 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams

Banca Popolare di Milano S.C.a.r.l. (BPM):

Additional impairment of €34 million was recognized in 2013, resulting in an investment value at December 31, 2013 of €103 million on the statement of financial positionn.

The Group's share of BPM's net loss (excluding the impairment loss) for the period was €13 million.

As a reminder, the BPM closing share price on the Milan Stock Exchange was 45 euro cents per share at December 31, 2013, representing a stock market value of the Group's investment of €100 million.

Banco Popular Español (BPE)

BPE is consolidated as an associate in light of the significant influence relationship between it and the Group: Crédit Mutuel - CIC is represented on the BPE board of directors, the two groups have a banking joint venture and there are numerous cross-commercial agreements on the Franco-Spanish retail and corporate markets.

The investment's carrying amount reflects the Group's share of BPE's net assets (IFRS) up to its recoverable value, based on its value in use. This is calculated using projected future discounted cash flows distributable to shareholders, taking into account regulatory requirements relating to credit institutions' equity levels. The cash flow discount rate was determined using the long-term interest rate on Spanish government debt, plus a BPE risk premium taking into account the sensitivity of its share price to market risk, calculated by reference to the Ibex 35 index on the Madrid Stock Exchange.

The resulting value in use was €6.2 per BPE share, higher than the total investment value of €484 million recognized in the consolidated financial statements at December 31. Analysis of the sensitivity to the main parameters used in the model, and to the discount rate in particular, indicated that a 50 basis point increase in the rate would result in an 4.5% decrease in the value in use. Similarly, a 1% decrease in the projected results in BPE's business plan would reduce the value in use by 1%. These two sensitivity analyses do not, however, call into question the equity-accounted value recognized in the Group's consolidated financial statements.

NOTE 16 - Investment property

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost	1,368	450	0	3	1,821
Accumulated depreciation and impairment provisions	-201	-30	0	-3	-233
Net amount	**1,167**	**421**	**0**	**0**	**1,587**

The fair value of investment property recognized at amortized costs was €2,236 million at December 31, 2013.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost					
Land used in operations	392	7	-1	0	397
Buildings used in operations	2,748	97	-21	0	2,825
Other property and equipment	1,268	73	-97	0	1,244
Total	**4,408**	**177**	**-119**	**0**	**4,466**
Accumulated depreciation and impairment provisions					
Land used in operations	-2	0	0	0	-2
Buildings used in operations	-1,538	-124	17	36	-1,608
Other property and equipment	-941	-64	57	-39	-987
Total	**-2,481**	**-188**	**74**	**-3**	**-2,597**
Net amount	**1,928**	**-11**	**-44**	**-3**	**1,869**

17b - Intangible assets

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Historical cost					
. Internally developed intangible assets	15	1	0	0	16
. Purchased intangible assets	1,460	129	-18	-15	1,557
- software	472	11	-8	1	476
- other	988	118	-9	-16	1,081
Total	**1,475**	**130**	**-18**	**-15**	**1,572**
Accumulated amortization and impairment provisions					
. Purchased intangible assets	-537	-117	14	9	-631
- software	-296	-62	7	-1	-352
- other	-241	-55	7	10	-279
Total	**-537**	**-117**	**14**	**9**	**-631**
Net amount	**938**	**13**	**-3**	**-6**	**941**

NOTE 18 - Goodwill

	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Goodwill, gross	4,346	20	-1	-1	4,364
Impairment provisions	-182	0	0	0	-182
Goodwill, net	**4,164**	**20**	**-1**	**-1**	**4,182**

Subsidiaries	Goodwill as of Dec. 31, 2012	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2013
Targobank Germany	2763	20				2,783
Crédit Industriel et Commercial (CIC)	506					506
Cofidis Participations	378					378
Targobank Spain (formerly Banco Popular Hipotecario)	183					183
CIC Private Banking - Banque Pasche	55		-1		-1	53
Banque Casino	26					26
CM-CIC Investissement	21					21
Monabanq	17					17
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other expenses	175					175
TOTAL	**4,164**	**20**	**-1**	**0**	**-1**	**4,182**

The cash generating units to which goodwill is assigned are tested annually to ascertain their recoverable value. A goodwill impairment loss is recognized if the recoverable amount is less than the carrying amount.

Recoverable value is calculated using two methods:
· Fair value minus selling costs, which is based on observing valuation multiples on comparable transactions or market parameters used by analysts on similar entities or activities;
. Value in use, which is determined by discounting expected future cash flows.
To calculate value in use, cash flows are based on business plans established by management for a maximum period of five years, then on projected cash flows to infinity based on a long-term growth rate. The long-term growth rate is set at 2% for all European entities, an assumption determined in comparison to the observed very-long-term inflation rate.
The cash flow discount rate is the cost of capital, which is calculated on the basis of a risk-free long-term rate, plus a risk premium determined from observation of the price sensitivity relative to the market for listed assets or by analysis for unlisted assets.
The key sensitivity factors in the recoverable value test based on value in use are the discount rate and anticipated future flow levels. When value in use has been used for impairment testing purposes, the parameters and their sensitivity is as follows:

	Targobank Germany	**Targobank Spain**	**Cofidis**	**RMA Watanya**
	Network bank	Network bank	Consumer credit	Insurance (Morocco)
Capital cost	9.00%	10.50%	9.30%	12.25%
Effect of 50 basis point increase in capital cost	-353	-12	-132	-1
Effect of 1% decrease in future cash flows	-52	-2	-20	-1

Goodwill relating to RMA Watanya was written down in the amount of €15 million in 2013; other goodwill amounts would not be affected in the worst-case scenarios considered.

NOTE 19 - Debt securities

	Dec. 31, 2013	Dec. 31, 2012
Retail certificates of deposit	199	176
Interbank instruments and money market securities	47,965	49,526
Bonds	48,521	42,630
Accrued interest	1,272	1,211
TOTAL	**97,957**	**93,543**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2013	Dec. 31, 2012
Life	57,808	53,772
Non-life	2,284	2,141
Unit of account	5,952	5,995
Other expenses	211	207
TOTAL	**66,256**	**62,115**
Of which deferred profit-sharing - liability	**5,480**	**4,906**
Reinsurers' share of technical reserves	**265**	**269**
TOTAL - Net technical reserves	**65,991**	**61,846**

NOTE 21 - Provisions

	Dec. 31, 2012	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2013
Provisions for risks	**298**	**93**	**-29**	**-82**	**-10**	**268**
Signature commitments	111	54	0	-50	1	116
Financing and guarantee commitments	0	1	0	0	0	1
On country risks	16	0	0	0	0	16
Provision for taxes	50	6	-8	-10	1	39
Provisions for claims and litigation	98	23	-19	-19	-12	71
Provision for risks on miscellaneous receivables	23	9	-2	-3	0	25
Other provisions	**637**	**123**	**-22**	**-51**	**2**	**689**
Provisions for home savings accounts and plans	20	5	0	0	-1	24
Provisions for miscellaneous contingencies	322	50	-10	-36	8	334
Other provisions [(1)]	295	68	-12	-15	-5	331
Provision for retirement benefits	**577**	**43**	**-8**	**-9**	**-14**	**589**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	432	28	-2	-1	5	461
Supplementary retirement benefits	76	5	-5	-6	-5	65
Long service awards (other long-term benefits)	43	4	0	-1	0	45
Sub-total recognized	551	37	-8	-9	0	571
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls [(2)]	26	5	0	0	-14	18
Sub-total recognized	26	5	0	0	-14	18
Total	**1,512**	**258**	**-59**	**-142**	**-23**	**1,547**

(1) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €273 million.

(2) The provision for pension fund shortfalls only covers foreign entities.

Assumptions used	**2013**	**2012**
Discount rate [(1)]	3.0%	2.9%
Annual increase in salaries [(2)]	Minimum 1.4%	Minimum 1.5%

(1) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the Iboxx index.
(2) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movements in provision for retirement bonuses

	Dec. 31, 2012	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses) relating to changes in assumptions		Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2013
						demographic	financial					
Commitments	761	24	0	28	-2	9	-1	-35	0	1	21	806
Non-Group insurance contract and externally managed assets	329	0	11	0	0	0	3	0	4	0	0	346
Provisions	**432**	**24**	**-11**	**28**	**-2**	**9**	**-4**	**-34**	**-4**	**1**	**21**	**461**

	Dec. 31, 2011	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2012
Commitments	626	28		23	21	110	-23	0	0	-24	761
Non-Group insurance contract and externally managed assets	312		14		0	8		-5		0	329
Provisions	**314**	**28**	**-14**	**23**	**21**	**102**	**-23**	**5**	**0**	**-24**	**432**

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €48 million / an increase of €56 million in the commitment. The term of the commitments (excluding foreign entities) is 17 years.

Change in the fair value of plan assets

in € thousands	Fair value of assets Dec. 31, 2012	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2013
Fair value of plan assets	458,600	3,887	1,957	15,853	3,044	23,156	-20,533	0	0	485,963

in € thousands	Fair value of assets Dec. 31, 2011	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2012
Fair value of plan assets	419,612	4,538	6,889	15,947	-4,417	23,350	-7,319	0	0	458,600

Details of the fair value of plan assets

	Dec. 31, 2013				Dec. 31, 2012			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	75%	19%	0%	4%	77%	19%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	0%	0%
Total	75%	19%	1%	4%	77%	19%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2013	Dec. 31, 2012
Home savings plans		
Contracted less than 10 years ago	3,421	2,706
Contracted more than 10 years ago	3,111	3,470
Total	**6,532**	**6,176**
Amounts outstanding under home savings accounts	**618**	**620**
Total	**7,150**	**6,795**

Home savings loans	Dec. 31, 2013	Dec. 31, 2012
Balance of home savings loans giving rise to provisions for risks reported in assets	146	186

Provisions for home savings accounts and plans	**Jan. 1, 2013**	**Net additions/ reversals**	**Other movements**	**Dec. 31, 2012**
On home savings accounts	7	3		10
On home savings plans	8	2		10
On home savings loans	5	(1)		4
Total	**20**	**4**		**24**
Maturity analysis				
Contracted less than 10 years ago	0			0
Contracted more than 10 years ago	8	2		10
Total	**8**	**2**		**10**

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

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

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

The increase in provisions for risks during the fiscal year is mainly due to:
- A change to the behavioral law used for PEL deposits, which now reflects the correlation between PEL account closures (with no loan having been arranged) and interest rates: thus, when market rates are low, PEL account holders are more inclined to maintain their best-remunerated deposits; this would result in an increase in the provision.
- An increase in the CEL provision due to a reduction in CEL loan interest rates resulting from a lower inflation rate: a higher provision is required when the spread widens between CEL loan rates and more traditional housing loan rates.

NOTE 22 - Subordinated debt

	Dec. 31, 2013	Dec. 31, 2012
Subordinated debt	3,971	4,853
Non-voting loan stock	28	29
Perpetual subordinated loan stock	2,862	2,861
Other debt	1	1
Accrued interest	49	92
TOTAL	**6,911**	**7,836**

Main subordinated debt issues

(in € millions)	**Type**	**Issue issued**	**Amount date**	**Amount as of Dec. 31, 2013[(1)]**	**Rate**	**Maturity**
Banque Fédérative du Crédit Mutuel	Subordinated note	Sep. 30, 2003	€800m	€791m	5.00	Sep. 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated note	Oct. 22, 2010	€1,000m	€916m	4.00	Oct. 22, 2020
CIC	Non-voting loan stock	May 28, 1985	€137m	€13m	(2)	(3)
CIC	Perpetual subordinated note	June 30, 2013	€200m	€200m	(4)	No fixed maturity
CIC	Perpetual subordinated note	June 30, 2013	€550m	€550m	(5)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Loan	Dec. 28, 2005	€500m	€500m	(6)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Dec. 15, 2004	€750m	€750m	(7)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Feb. 25, 2005	€250m	€250m	(8)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	April 28, 2005	€404m	€393m	(9)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Oct. 17, 2008	€147m	€147m	(10)	No fixed maturity

(1) Amounts net of intra-Group balances.
(2) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2
(3) Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
(4) 6-month Euribor + 167 basis points.
(5) 6-month Euribor + 107 basis points for the first 10 years and + 207 basis points for subsequent years, unless redeemed.
(6) 1-year Euribor + 0.3 basis points.
(7) 10-year CMS ISDA CIC + 10 basis points.
(8) 10-year CMS ISDA + 10 basis points.
(9) Fixed-rate 4.471 until October 28, 2015 and thereafter 3-month Euribor + 185 basis points.
(10) 3-month Euribor + 665 basis points.

NOTE 23 - Shareholders' equity

23a - Shareholders' equity (excluding unrealized or deferred gains and losses) attributable to the Group

	Dec. 31, 2013	Dec. 31, 2012
. Capital stock and issue premiums	2,088	2,063
- Capital stock	1,329	1,327
- Issue premiums	759	736
. Consolidated reserves	10,462	9,625
- Regulated reserves	7	7
- Translation reserve	0	0
- Other reserves (including effects related to first-time application of standards)	10,459	9,621
- Retained earnings	-4	-3
. Net income for the year	1,211	930
TOTAL	**13,761**	**12,618**

23b - Unrealized or deferred gains and losses

	Dec. 31, 2013	Dec. 31, 2012
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale financial assets		
- equities	803	582
- bonds	99	-80
. Hedging derivative instruments (cash flow hedges)	-24	-99
. Actuarial gains and losses	-132	-140
. Translation adjustments	13	23
. Share of unrealized or deferred gains and losses of associates	-38	-56
TOTAL	**722**	**230**
Attributable to the Group	*538*	*91*
Attributable to minority interests	*184*	*138*

** Net of tax.*

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

	Movements 2013	Movements 2012
Translation adjustments		
- Reclassification in income	0	0
- Other movements	-10	2
Translation adjustment	*-10*	2
Remeasurement of available-for-sale financial assets		
- Reclassification in income	38	8
- Other movements	363	1,420
Remeasurement of available-for-sale financial assets	*401*	*1,428*
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
- Other movements	75	6
Remeasurement of hedging derivatives	*75*	*6*
- Share of unrealized or deferred gains and losses of associates	19	-19
Share of unrealized or deferred gains and losses of associates	*19*	*-19*
TOTAL - Recyclable gains and losses	**484**	**1,417**
- *Remeasurement of non-current assets*	0	0
- *Actuarial gains and losses on defined benefit plans*	9	-75
TOTAL - Non-recyclable gains and losses	**9**	**-75**
Total gains and losses recognized directly in shareholders' equity	**493**	**1,341**

23d - Tax on components of gains and losses recognized directly in equity

	Changes 2013			Changes 2012		
	Gross amount	Corporate income tax	Net amount	Gross amount	Corporate income tax	Net amount
Translation adjustments	-10		-10	2		2
Remeasurement of available-for-sale financial assets	505	-104	401	1,308	120	1428
Remeasurement of hedging derivative instruments	77	-3	75	0	6	6
Actuarial gains and losses on defined benefit plans	12	-3	9	-99	23	-76
Share of unrealized or deferred gains and losses of associates	19		19	-19		-19
Total gains and losses recognized directly in shareholders' equity	**602**	**-110**	**493**	**1192**	**149**	**1341**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2013	Dec. 31, 2012
Financing commitments		
Commitments given to credit institutions	3,776	3,815
Commitments given to customers	39,510	37,090
Guarantee commitments		
Guarantees given on behalf of credit institutions	1,999	1,317
Guarantees given on behalf of customers	14,779	13,309
Commitments on securities		
Other commitments given	298	242
Commitments given by the Insurance business line	465	193

Commitments and guarantees received	Dec. 31, 2013	Dec. 31, 2012
Financing commitments		
Commitments received from credit institutions	11,702	24,313
Guarantee commitments		
Commitments received from credit institutions	28,642	26,755
From customers	6,174	5,349
Commitments on securities		
Other commitments received	105	102
Commitments received by the Insurance business line	3,794	5,595

Securities sold under repurchase agreements	Dec. 31, 2013	Dec. 31, 2012
Amounts received under resale agreements	20,231	23,761
Related liabilities	20,326	24,165

Assets given as collateral for liabilities	Dec. 31, 2013	Dec. 31, 2012
Loaned securities	1	4
Security deposits on market transactions	6,002	8,069
Total	**6,003**	**8,074**

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities. These agreements result in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the Group is exposed to the non-return of securities.

NOTE 25 - Interest income, interest expense and equivalent

	Dec. 31, 2013		Dec. 31, 2012	
	Income	Expense	Income	Expense
. Credit institutions and central banks	1,210	-669	1,486	-1,486
. Customers	9,278	-4,471	9,405	-4,848
- of which finance leases and operating leases	2,677	-2,375	2,681	-2,360
. Hedging derivative instruments	2,261	-2,082	3,215	-3,561
. Available-for-sale financial assets	417		734	
. Held-to-maturity financial assets	334		389	
. Debt securities		-1,958		-2,084
. Subordinated debt		-81		-94
TOTAL	**13,501**	**-9,261**	**15,229**	**-12,073**

NOTE 26 - Fees and commissions

	Dec. 31, 2013		Dec. 31, 2012	
	Income	Expense	Income	Expense
Credit institutions	9	-3	7	-3
Customers	952	-13	832	-10
Securities	685	-67	650	-69
of which funds managed for third parties	*467*		*459*	
Derivative instruments	2	-4	3	-5
Foreign exchange	18	-2	15	-2
Financing and guarantee commitments	29	-26	27	-4
Services provided	1,169	-666	1,162	-660
TOTAL	**2,865**	**-780**	**2,696**	**-753**

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2013	Dec. 31, 2012
Trading derivative instruments	-316	665
Instruments designated under the fair value option(1)	132	181
Ineffective portion of hedging instruments	2	7
. Cash flow hedges	0	0
. Fair value hedges	3	7
. Change in fair value of hedged items	-298	-1,198
. Change in fair value of hedging items	301	1,205
Foreign exchange gains (losses)	37	33
Total changes in fair value	**-145**	**886**

(1) of which €105 million relating to the Private equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	Dec. 31, 2013			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		231	0	231
. Equities and other variable-income securities	15	19	33	67
. Long-term investments	31	-5	16	42
. Other	0	2	0	2
Total	**46**	**247**	**49**	**342**

	Dec. 31, 2012			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		89	0	89
. Equities and other variable-income securities	7	15	20	41
. Long-term investments	64	41	11	116
. Other expenses	0	-3	0	-4
Total	**71**	**141**	**31**	**243**

NOTE 29 - Other income and expense

	Dec. 31, 2013	Dec. 31, 2012
Income from other activities		
. Insurance contracts	11,725	9,822
. Investment property	2	1
- reversals of provisions/amortization	2	0
- gains on disposals	0	0
. Rebilled expenses	67	63
. Other income	788	876
Sub-total	**12,581**	**10,762**
Expenses on other activities		
. Insurance contracts	-10,107	-8,246
. Investment property	-29	-22
- depreciation, amortization and impairment charges (based on the accounting method selected)	-28	-22
- losses on disposals	0	-1
. Other expenses	-521	-563
Sub-total	**-10,656**	**-8,831**
Other income and expense, net	**1,925**	**1,930**

Net income from the Insurance business line

	Dec. 31, 2013	Dec. 31, 2012
Earned premiums	9,414	7,695
Claims and benefits expenses	-6,075	-5,591
Movements in provisions	-4,041	-2,657
Other technical and non-technical income and expense	77	55
Net investment income	2,243	2,074
Total	**1,618**	**1,576**

NOTE 30 - General operating expenses

	Dec. 31, 2013	Dec. 31, 2012
Payroll costs	-2,829	-2,819
Other operating expenses	-2,369	-2,321
TOTAL	**-5,198**	**-5,140**

30a - Payroll costs

	Dec. 31, 2013	Dec. 31, 2012
Salaries and wages	-1,847	-1,824
Social security contributions[1]	-681	-711
Employee benefits - short-term	-4	-4
Incentive bonuses and profit-sharing	-117	-113
Payroll taxes	-177	-161
Other expenses	-3	-6
TOTAL	**-2,829**	**-2,819**

(1) The *CICE* tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €23 million for fiscal year 2013.

The CICE enabled, in particular, the maintenance of or even an increase in financing for employee training at a level well above the regulatory levels and enhancement of the Group's overall competitiveness, particularly through:
- investment in new technologies such as digital applications (tablets) and videoconferencing systems on portable computers, enabling customers and shareholders to not only remain in closer contact with their account officers but also to achieve energy savings
- IT developments concerning new telephone-based means of payment,
- research into new services benefiting our merchant customers,
- reductions in the cost of providing services to customers and shareholders in connection with prospecting in new national and international markets.

Number of employees

Average number of employees	Dec. 31, 2013	Dec. 31, 2012
Banking staff	25,228	25,858
Management	14,458	14,400
Total	**39,686**	**40,258**
Analysis by country		
France	28,577	29,271
Rest of the world	11,109	10,987
Total	**39,686**	**40,258**

Includes 294 employees of Targobank Spain and 85 employees of Banque Casino, consolidated using the proportionate method.

	Dec. 31, 2013	Dec. 31, 2012
*Number of employees at end of year**	**42,569**	**43,034**

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

30b - Other operating expenses

	Dec. 31, 2013	Dec. 31, 2012
Taxes and duties	-216	-221
External services	-1,888	-1,831
Other miscellaneous expenses (transportation, travel, etc.)	15	20
Total	**-2,088**	**-2,032**

30c - Depreciation, amortization and impairment of property, equipment and intangible assets

	Dec. 31, 2013	Dec. 31, 2012
Depreciation and amortization	-278	-288
- property and equipment	-187	-199
- intangible assets	-91	-89
Impairment losses	-2	-1
- property and equipment	-3	0
- intangible assets	1	-1
Total	**-280**	**-289**

NOTE 31 - Net additions to/reversals from provisions for loan losses

Dec. 31, 2013	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	0	30	-1	0	0	29
Customers	-1,245	1,247	-717	-324	106	-933
. Finance leases	-5	6	-4	-3	1	-6
. Other customer items	-1,239	1,241	-712	-322	105	-927
Sub-total	**-1,245**	**1,277**	**-718**	**-324**	**106**	**-904**
Held-to-maturity financial assets	-3	0	0	0	0	-3
Available-for-sale financial assets	-14	3	-12	-39	15	-46
Other	-63	56	-2	-2	0	-12
Total	**-1,325**	**1,336**	**-732**	**-365**	**121**	**-965**

Dec. 31, 2012	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-15	38	-3	0	0	20
Customers	-1,220	1,187	-618	-381	126	-905
. Finance leases	-5	8	-5	-3	1	-4
. Other customer items	-1,215	1,180	-613	-378	125	-900
Sub-total	**-1,235**	**1,225**	**-620**	**-381**	**126**	**-885**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets(1)	-10	408	-473	-44	31	-89
Other	-46	60	0	-2	0	12
Total	**-1,291**	**1,693**	**-1,094**	**-427**	**156**	**-962**

(1) Including - €30 million arising from the sale of the Greek sovereign securities.

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2013	Dec. 31, 2012
Property, equipment and intangible assets	5	12
. Losses on disposals	-5	-12
. Gains on disposals	10	24
Gain (loss) on consolidated securities sold	0	0
TOTAL	**5**	**12**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2013	Dec. 31, 2012
Impairment of goodwill	0	-27
TOTAL	**0**	**-27**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2013	Dec. 31, 2012
Current taxes	-828	-713
Deferred taxes	15	2
Adjustments in respect of prior years	-2	0
TOTAL	**-816**	**-711**

Reconciliation between the corporate income tax expense recognized and the theoretical tax expense

	Dec. 31, 2013	Dec. 31, 2012
Taxable income	2,287	2,041
Theoretical tax rate	38.00%	36.10%
Theoretical tax expense	**-869**	**-737**
Impact of preferential “SCR” and “SICOMI” rates	32	25
Impact of the reduced rate on long-term capital gains	0	43
Impact of different tax rates paid by foreign subsidiaries	30	1
Permanent differences and other	-9	-43
Tax expense	**-816**	**-711**
Effective tax rate	35.69%	34.81%

NOTE 35 - Earnings per share

	Dec. 31, 2013	Dec. 31, 2012
Net income attributable to the Group	1,211	930
Number of stock units at beginning of year	26,532,613	26,496,265
Number of stock units at end of year	26,585,134	26,532,613
Weighted average number of stock units	26,558,874	26,514,439
Basic earnings per share	45.61	35.07
Additional weighted average number of stock units assuming full dilution	0	0
Diluted earnings per share	45.61	35.07

NOTE 36 - Fair value hierarchy of financial instruments recognized at amortized cost or carrying amount

The estimated fair values presented are calculated based on observable parameters at December 31, 2013 and are obtained by computing estimated discounted future cash flows using a yield curve that includes the signature risk inherent to the debtor.
The financial instruments discussed in this note relate to loans and borrowings. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not discussed in this section.
The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e. the carrying amount.
Certain group entities may also apply assumptions whereby fair value is deemed to equal the carrying amount for those contracts indexed to a floating rate, or whose residual life is one year or less.
We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferable or are not in practice traded before maturity. Accordingly, gains and losses are not recognized.
However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2013.

	Dec. 31, 2013					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**241,071**	**235,026**	**6,044**	**11,462**	**63,871**	**165,737**
Loans and receivables due from credit institutions	55,407	55,300	107	1,011	54,395	0
- Debt securities	1,815	1,812	3	1,011	804	0
- Loans and advances	53,592	53,488	104	0	53,592	0
Loans and receivables due from customers	174,398	169,568	4,830	243	8,418	165,737
- Debt securities	555	576	-21	243	119	193
- Loans and advances	173,843	168,992	4,851	0	8,299	165,544
Held-to-maturity financial assets	11,267	10,159	1,108	10,208	1,059	0
Liabilities	**273,810**	**269,965**	**3,845**	**709**	**185,660**	**87,442**
Due to credit institutions	19,951	19,880	71	0	19,951	0
Due to customers	144,868	145,217	-350	0	57,426	87,442
Debt securities	101,233	97,957	3,277	672	100,561	0
Subordinated debt	7,758	6,911	847	37	7,722	0

	Dec. 31, 2012		
	Market value	Carrying amount	Unrealized gains or losses
Assets	**252,275**	**248,071**	**4,204**
Loans and receivables due from credit institutions	70,666	70,703	-37
Loans and receivables due from customers	169,312	165,775	3,537
Held-to-maturity financial assets	12,297	11,593	704
Liabilities	**272,895**	**270,720**	**2,174**
Due to credit institutions	34,615	34,477	139
Due to customers	133,509	134,864	-1,355
Debt securities	96,643	93,543	3,099
Subordinated debt	8,128	7,836	291

NOTE 37 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2013				Dec. 31, 2012			
	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Parent companies - CM11 Group	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Parent companies - CM11 Group
Assets								
Loans, advances and securities								
Loans and receivables due from credit institutions	27	280	2,588	36,688	0	271	3,152	38,328
Loans and receivables due from customers	29	3	32	0	32	0	36	0
Securities	0	0	389	1,281	0	0	360	1597
Other assets	2	2	150	0	1	2	36	0
Total	58	285	3,159	37,969	32	272	3,585	39,925
Liabilities								
Deposits								
Due to credit institutions	2	2	4,782	2,822	0	3	3,443	7,766
Due to customers	250	7	2,059	27	154	4	2,053	26
Debt securities	0	0	1,429	0	0	0	1,217	0
Other liabilities	43	0	87	1,250	39	0	207	1,250
Total	295	9	8,356	4,099	194	6	6,921	9,041
Financing and guarantee commitments								
Financing commitments given	9	162	11	2,200	0	76	0	2,200
Guarantee commitments given	0	14	409	0	0	21	0	0
Guarantee commitments received	0	0	380	950	0	0	282	748

Income statement items concerning related party transactions

	Dec. 31, 2013				Dec. 31, 2012			
	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Parent companies - CM11 Group	Companies consolidated using the equity method	Companies consolidated using the proportionate method	Other entities in the Confédération Nationale	Parent companies - CM11 Group
Interest received	7	4	50	985	9	1	51	1,220
Interest paid	-4	0	-77	-95	-2	0	-87	-160
Fees and commissions received	12	1	0	12	11	0	0	22
Fees and commissions paid	-18	0	-5	-203	-15	0	-6	-199
Other income (expense)	2	-2	0	54	10	0	1	10
General operating expenses	-339	5	0	-39	-311	7	0	-38
Total	-339	9	-32	714	-298	8	-41	856

Other entities in the Confédération Nationale comprise Caisse Centrale de Crédit Mutuel and Crédit Mutuel's regional federations not associated with the CM11-CIC Group.

The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.

In the case of companies consolidated using the proportionate method (Banque Casino, Bancas and Targobank Spain) the amounts comprise the portion of intercompany transactions not eliminated on consolidation.

Relationships with the Group's key management

In the context of regulatory changes (CRBF regulation 97-02) and to comply with professional recommendations, the Group's deliberative bodies and, more particularly, the Banque Fédérative board of directors have entered into commitments concerning the compensation of market professionals and of its officers and directors.
These commitments have been disclosed to the AMF and on the institution's website. Compensation received by BFCM group officers and directors in 2013 includes a portion related to their activities at Crédit Mutuel and CIC. It may include a fixed and a variable portion. This compensation is set by the deliberative bodies of BFCM and CIC based on proposals from compensation committees of the respective boards of directors. No variable compensation has been paid in the last two years.
The Group's officers and directors may also benefit from the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

However, the Group's officers and directors did not receive any other specific benefits. They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board terms of office, whether the boards are of Group companies or companies outside the Group but on whose board they sit as a result of their functions within the Group. The group's key executives may also hold assets with, and receive loans from, the group banks on the same terms as those offered to employees in general.

*Total compensation paid to key management**	*Dec. 31, 2013*	*Dec. 31, 2012*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,514	5,267

* *See also the section on corporate governance.*

At its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance-related condition and representing one year of his compensation as a corporate officer, i.e., a commitment currently estimated at €770,000 (including social contributions).
At its meeting of May 8, 2011, the Board of Directors of BCFM approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his compensation as a corporate officer, i.e., a commitment currently estimated at €1,120,000 (including social contributions). Mr. Fradin is also covered by a supplementary pension plan within the framework of his corporate office, the conditions of which are the same as those that apply to the other employees of BFCM and for which the contributions paid to the insurance company covering this entire commitment amounted to €17,923 in 2013.

NOTE 38 - Events after the reporting period and other information

The consolidated financial statements of the BFCM group at December 31, 2013 were approved by the Board of Directors at its meeting of February 27, 2014.

NOTE 39 - Exposure to risk

The risk exposure information required by IFRS 7 is included in Section 4 of the management report.

NOTE 40 - Statutory auditors' fees

(in € thousands, excluding VAT)	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Audit								
Statutory audit and contractual audits								
- BFCM	171	174	5%	5%	128	173	3%	4%
- Fully consolidated subsidiaries	2,553	2,557	75%	80%	3,963	3,650	78%	76%
Other assignments and services directly related to the statutory audit(1)								
- BFCM	302	237	9%	7%	95	249	2%	5%
- Fully consolidated subsidiaries	343	152	10%	5%	282	149	6%	3%
Sub-total	***3,369***	***3,120***	***98%***	***98%***	***4,468***	***4,221***	***87%***	***88%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	32	0	1%	0%	85	19	2%	0%
- Other	22	73	1%	2%	556	553	11%	12%
Sub-total	***55***	***73***	***2%***	***2%***	***641***	***572***	***13%***	***12%***
Total	**3,424**	**3,193**	**100%**	**100%**	**5,109**	**4,793**	**100%**	**100%**

(1) Other assignments and services directly related to the statutory audit essentially consisted of assignments undertaken at the request of the supervisory authority to ensure compliance of the organization and its processes with regulatory requirements.

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to €6,787 thousand for the fiscal year 2013.

V.6 - Report of the Statutory Auditors on the consolidated financial statements of BFCM Group

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

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

Statutory Auditors
Member of the Versailles
regional institute of accountants

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable (Simplified stock company with variable capital)

Statutory Auditors
Member of the Versailles
regional institute of accountants

Banque Fédérative du Crédit Mutuel

Year ended December 31, 2013

Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Crédit Mutuel;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1.3 and 12 to the consolidated financial statements. We examined the control system applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.

- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1.3 and 7 to the consolidated financial statements). We examined the control system applied to the identification of impairment indicators, the valuation of the most significant items, and the estimates that led, where applicable, to the recognition of impairment provisions to cover losses in value.

- The Group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1.3 and 18 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.

- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1.3, 8a, 10, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment provisions.

- The Group records provisions for employee benefit obligations (Notes 1.3 and 21 to the consolidated financial statements). We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used.

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

III. Specific verification

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

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

Paris-La Défense, April 14, 2014.

The Statutory Auditors

KPMG Audit *A unit of KPMG S.A.* Arnaud Bourdeille	ERNST & YOUNG et Autres Olivier Durand

VI. KEY FINANCIAL POINTS RELATING TO BFCM'S ANNUAL FINANCIAL STATEMENTS

VI.1 - Management report on BFCM's annual financial statements

VI.1.1 - Statement of Financial Position

The statement of financial position at December 31, 2013 showed total assets of €168.5 billion, up by 3.8%, compared with the previous year.

On the liabilities side, amounts due to credit institutions totaled €55 billion and consisted mainly of long-term borrowings from the Group's subsidiaries (€43.9 billion), the majority of which came from CIC and its regional banks (€13.4 billion) and CM-CIC Home Loan SFH (€25.2 billion).

Amounts due to customers totaled €31.8 billion. This item consists essentially of demand deposits (€5.6 billion) and term accounts and loans of the financial clientele (€25.7 billion).

Total securities liabilities amounted to €66.1 billion and included interbank market securities (€9.5 billion), debt securities (€23.8 billion) along with bond debt (€32.8 billion).

The Fund for General Banking Risk, which amounted to €61.6 million, and deeply subordinated notes, which amounted to €2.1 billion, remained unchanged. After a capital increase of €2.6 million in July 2013, reserved to Caisse Régionale de Crédit Mutuel Anjou, total shareholders' equity and similar items amounted to €6.8 billion.

On the assets side, the CM11-CIC Group's central treasury function is reflected mainly by loans and receivables due from credit institutions amounting to €99.1 billion. The refinancing provided to Caisse Fédérale de Crédit Mutuel to back the loans distributed by the Caisses de Crédit Mutuel and ensure the liquidity of Caisse Fédérale de Crédit Mutuel amounted to €36 billion. BFCM's term refinancing activity also extends to Banque Européenne de Crédit Mutuel (€3.4 billion), Sofemo (€1 billion), the CIC Group (€45 billion), the Cofidis Group (€6.1 billion), the Casino Group (€0.5 billion) and other federal Caisses (€2.6 billion).

Loans and receivables due from customers totaled €6.8 billion. This amount corresponds to credit facilities, mainly large corporate clients, as well as the refinancing of special purpose acquisition entities for BFCM's long-term equity investments.

Trading, available-for-sale and held-to-maturity securities constitute the other uses of treasury funds and totaled €43 billion.

Investments in subsidiaries and associates, which totaled €7.1 billion, consist mainly of investments in CIC (€2.9 billion), Groupe des Assurances du Crédit Mutuel (€1 billion) and Cofidis Group (€1 billion). Other equity investments stood at €2 billion. This item is made up primarily of interests in Banque Marocaine du Commerce Extérieur, Banque de Tunisie and Banco Popular Español.

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

VI.1.2 - Notes to the income statement

Interest and similar income totaled €8.7 billion, including €7.8 billion from transactions with credit institutions.

Interest expense was €8.9 billion, of which the bulk related to interest payable to credit institutions (€6.7 billion) and interest on securities issued (€1.6billion).

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

The positive impact of €45.5 million on trading securities is primarily due to reversals of provisions for the bond portfolio hedged by swaps, which were set aside for prudential reasons in 2012.

Similarly, gains on available-for-sale securities (€97.3 million) consisted mainly of reversals of provisions for impairment losses (€43.6 million) and gains on disposals of securities (€54.2 million).

After taking commissions and other operating items into account, net banking income stood at €383.4 million in 2013.

Operating expenses totaled €53.2 million in 2013, compared with €55.9 million in the previous year.

Net additions to provisions for loan losses amounted to €10.4 million in 2013 and related mainly to provisions for loan losses on loans distributed abroad by one of the Group's subsidiaries.

The balance of gains and losses on non-current assets mainly corresponds to losses on disposals of securities for €20.2 million and additions to provisions for €27.3 million.

In addition, €15,296 corresponding to non-deductible rents and depreciation on company vehicles was reintegrated into taxable income at the standard rate under ordinary French law.

Tax liability of the companies included in the consolidated tax group was attributed to BFCM's tax liability, which resulted in a €35 million income tax benefit.

Lastly, net income for the year came to €311.5 million in 2013.

VI.1.3 - Proposals of the Board of Directors to the Shareholders' General Meeting

The allocation of net profit proposed to the Shareholders' General Meeting was as follows:

2013 net income:	€311,481,573.22
Retained earnings:	+€ 653,565.20
Total:	€312,135,138.42

We propose to:

- pay out a dividend of €4.90 per each of the 26,532,613 shares carrying dividend rights for the full year and a dividend of €2.04 per each of the 52,521 new shares entitled to dividends from July 29, 2013, for a total amount of €130,116,946.54. These dividends are eligible for deduction under Article 158 of the French General Tax Code (*Code général des impôts - CGI*);
- allocate €262,605.00 to the legal reserve, bringing this reserve to 10% of BFCM's share capital;
- allocate €181 million to the optional reserve;
- carry forward the balance of €755,586.88.

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

Year	**2010**	**2011**	**2012**
Amount in €	-	2.00	2.65
Dividend eligible for deduction under Article 158 of the French General Tax Code (CGI)	-	Yes	Yes

VI.2 - BFCM's financial statements

VI.2.1 - Annual financial statements

ASSETS *(in €)*	**Dec. 31, 2013**	Dec. 31, 2012
CASH, CENTRAL BANKS, POST OFFICE BANKS	**2,676,235,098.96**	218,659,164.54
GOVERNMENT SECURITIES AND EQUIVALENT	**13,762,127,916.91**	2,476,328,859.97
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**99,132,405,498.18**	107,915,494,372.03
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**6,832,584,448.42**	7,194,632,314.70
BONDS AND OTHER FIXED-INCOME SECURITIES	**30,948,687,408.53**	32,546,760,340.37
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**287,173,401.97**	285,359,413.32
LONG-TERM EQUITY INVESTMENTS AND SECURITIES	**1,987,086,810.25**	1,847,513,671.13
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	**7,054,999,107.67**	6,915,970,538.76
FINANCE LEASES AND LEASES WITH PURCHASE OPTION	**0.00**	0.00
OPERATING LEASES	**0.00**	0.00
INTANGIBLE ASSETS	**3,000,141.00**	3,000,141.00
PROPERTY AND EQUIPMENT	**6,850,317.44**	6,898,833.02
SUBSCRIBED CAPITAL UNPAID	**0.00**	0.00
TREASURY STOCK	**0.00**	0.00
OTHER ASSETS	**3,924,507,803.65**	976,661,317.90
ACCRUALS	**1,922,761,484.13**	1,994,919,807.36
TOTAL ASSETS	**168,538,419,437.11**	162,382,198,774.10

OFF-STATEMENT OF FINANCIAL POSITION	**Dec. 31, 2013**	Dec. 31, 2012
COMMITMENTS GIVEN		
FINANCING COMMITMENTS	***14,582,590,597.26***	*14,101,538,786.67*
GUARANTEE COMMITMENTS	***3,929,917,749.97***	*3,303,992,934.95*
SECURITIES COMMITMENTS	***0.00***	*0.00*

LIABILITIES AND SHAREHOLDERS' EQUITY *(in €)*	**Dec. 31, 2013**	Dec. 31, 2012
CENTRAL BANKS, POST OFFICE BANKS	**0.00**	0.00
DUE TO CREDIT INSTITUTIONS	**54,985,771,888.10**	56,469,898,662.74
DUE TO CUSTOMERS	**31,769,452,871.82**	27,697,119,663.47
DEBT SECURITIES	**67,051,353,138.75**	62,275,855,453.68
OTHER LIABILITIES	**1,066,142,602.97**	2,013,195,417.07
ACCRUALS	**1,643,516,747.17**	1,433,818,796.38
PROVISIONS FOR RISKS AND CHARGES	**55,737,572.14**	71,624,596.66
SUBORDINATED DEBT	**7,305,998,611.62**	8,026,435,217.69
FUND FOR GENERAL BANKING RISK (FGBR)	**61,552,244.43**	61,552,244.43
SHAREHOLDERS' EQUITY EXCLUDING FGBR	**4,598,893,760.11**	4,332,698,721.98
SUBSCRIBED CAPITAL	1,329,256,700.00	1,326,630,650.00
ISSUE PREMIUMS	758,683,732.87	736,309,782.87
RESERVES	2,198,623,778.82	1,619,442,038.82
REVALUATION RESERVES	0.00	0.00
REGUL. PROVISIONS AND INVESTMENT SUBSIDIES	194,410.00	217,500.00
UNAPPROPRIATED RETAINED EARNINGS	653,565.20	702,260.27
NET INCOME FOR THE YEAR	311,481,573.22	649,396,490.02
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**168,538,419,437.11**	162,382,198,774.10

OFF-STATEMENT OF FINANCIAL POSITION	**Dec. 31, 2013**	Dec. 31, 2012
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	***11,159,398,029.40***	*24,046,932,141.65*
GUARANTEE COMMITMENTS	***8,115,644.05***	*16,429,928.04*
SECURITIES COMMITMENTS	***40,454,644.34***	*125,592,056.68*

INCOME STATEMENT *(in €)*	**Dec. 31, 2013**	Dec. 31, 2012
+ INTEREST INCOME	**8,724,028,263.43**	9,441,383,580.81
- INTEREST EXPENSE	**-8,887,846,697.41**	-9,674,941,445.01
+ INCOME FROM LEASE AND SALE AND LEASEBACK TRANSACTIONS	**0.00**	0.00
- EXPENSES ON LEASE AND SALE AND LEASEBACK TRANSACTIONS	**0.00**	0.00
+ INCOME FROM OPERATING LEASE TRANSACTIONS	**0.00**	0.00
- EXPENSES ON OPERATING LEASE TRANSACTIONS	**0.00**	0.00
+ INCOME FROM VARIABLE-INCOME SECURITIES	**398,767,359.18**	412,798,979.99
+ FEE AND COMMISSION INCOME	**52,654,384.62**	32,074,069.97
- FEE AND COMMISSION EXPENSE	**-40,322,184.51**	-28,969,038.61
+/- GAINS (LOSSES) ON TRADING SECURITIES TRANSACTIONS	**45,522,675.70**	149,917,416.44
+/- GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS	**97,298,237.81**	290,279,090.26
+ OTHER OPERATING INCOME	**2,080,330.81**	742,991.21
- OTHER OPERATING EXPENSES	**-8,821,768.84**	-9,338,499.10
NET BANKING INCOME	***383,360,600.79***	*613,947,145.96*
- OPERATING EXPENSES	**-53,093,131.54**	-55,827,501.94
- DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF NON-CURRENT ASSETS	**-49,384.74**	-55,397.26
GROSS OPERATING INCOME	***330,218,084.51***	*558,064,246.76*
+/- NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES	**-10,460,216.52**	2,837,232.29
OPERATING INCOME	***319,757,867.99***	*560,901,479.05*
+/- GAINS (LOSSES) ON NON-CURRENT ASSETS	**-47,464,947.98**	75,482,588.18
NET INCOME BEFORE TAX	***272,292,920.01***	*636,384,067.23*
+/- NON-RECURRING INCOME (LOSS)	**4,136,240.58**	-1,375,489.15
- CORPORATE INCOME TAX	**35,029,322.63**	14,371,909.94
+/- NET ALLOCATIONS TO/RELEASES FROM FGBR AND REGULATED PROV.	**23,090.00**	16,002.00
NET INCOME	***311,481,573.22***	*649,396,490.02*

VI.2.2 - Notes to the BFCM's financial statements

Note 1 Accounting policies and methods

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

They are prepared on the basis of the prudence principle and the following fundamental principles:
- going concern,
- consistency,
- accruals.

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

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

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

The preparation of the financial statements may require the use of assumptions and estimates that have a material impact on income and expenses and of assets and liabilities in the statement of financial position and notes to the financial statements. In that case, management uses its judgment and experience to apply readily available information at the time of preparation of the financial statements in order to arrive at the necessary estimates.
Such is the case in particular for:
- the fair value of financial instruments not quoted on an active market;
- pension plans and other future employee benefits;
- the measurement of equity interests;
- provisions for risks and charges.

Note 1.2 Non-performing loans

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

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

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

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

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

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

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

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

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

Note 1.3 Securities transactions

Statement of financial position items:

- Government securities and similar instruments
- Bonds and other fixed-income securities
- Equities and other variable-income securities

include trading, available-for-sale and held-to-maturity securities, depending on their nature.
This classification results from the application of CRBF Regulation 90/01 as amended, which establishes guidelines for the classification of securities depending on their use.

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

Available-for-sale securities
Available-for-sale securities are acquired with the intention of being held for more than six months in order to derive direct income or a capital gain. This holding period does not imply, for fixed-income securities, that they be held until maturity. Premiums or discounts recognized at the time fixed-income securities are acquired are spread over the life of the corresponding instrument, in accordance with the option offered by CRBF Regulation 90/01. at the end of the reporting period, an individual provision is recognized for unrealized capital losses on available-for-sale securities, adjusted for any impairment charges and net releases of differences described above. Unrealized gains are not recognized.

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

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

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

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

Reclassification of financial assets

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

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

a) in extraordinary market situations that require a change in strategy

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

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

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

The impact of reclassifications made in 2013 is presented in note 2.9.

Temporary sales of securities

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

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

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

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

Note 1.4 Fees and commissions

Premiums paid or received are recognized on the statement of financial position upon payment or deposit. At the time of settlement, they are immediately shown through profit or loss if they involve speculative transactions.
Premiums on unsettled options are measured at the reporting date when they are traded on an organized market. The difference is shown through profit and loss.

Note 1.5 Investments in equity interests

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

Note 1.6 Non-current assets

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

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

Note 1.7 Foreign currency translation

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

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

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

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

Note 1.8 Swaps

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

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

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

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

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

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

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

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

Employee retirement plans
Retirement plans are administered by various institutions to which the bank and its employees make periodic contributions.
These contributions are recognized as expenses during the year in which they are due.

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

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

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

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

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

Note 1.10 Fund for general banking risks

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

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

Note 1.11 Provisions

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

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

Note 1.12 Corporate income tax

BFCM is the lead company of a consolidated tax group established with some of its subsidiaries. It is solely responsible for paying the tax liability of these companies, additional company tax contributions and withholding tax for the tax group. The subsidiaries contribute to the tax payment as though no tax consolidation existed. In the event a company leaves the tax group, it would benefit statutorily from an indemnity corresponding to all tax surcharges resulting from its membership in the tax group if the exiting company has incurred surcharges because of its membership of the group and if this situation justifies its compensation by BFCM and for what amount.
The "Corporate income tax" item includes:

- corporate income tax due for the year and gains related to the tax consolidation, to which additional contributions are added;
- net additions to/releases from provisions related to the above-mentioned items.

The corporate income tax due for the year and additional contributions are determined in accordance with applicable tax regulations. Tax credits attached to income from securities are not recognized separately, but are deducted directly from the tax expense.

Tax provisions are calculated using the liability method, and take into account additional contributions depending on the respective maturities. They are not offset against any amounts due from the French Treasury.

Note 1.13 Competitiveness and Employment Tax Credit (Crédit d'Impôt pour la Compétitivité et l'Emploi – CICE)

The competitiveness and employment tax credit was recorded in accordance with the information note issued by the French accounting standards board's college on February 28, 2013.
The amount of the tax credit, not taxable, is credited to a sub-account in personnel expenses.

Note 1.14 Consolidation

The company is fully integrated within the consolidation scope of the CM11-CIC Group.

Note 1.15 Operations in non-cooperative countries and territories in the fight against tax fraud and evasion

The bank has no directly or indirectly owned operations in countries or territories subject to Article L 511-45 of the French Monetary and Financial Code.

Notes to the statement of financial position

The figures included in the following tables are expressed in thousands of euros.

Note 2.0 Changes in non-current assets

	Gross amount as of Dec. 31, 2012	Additions	Disposals	Transfers or repayments	Gross amount as of Dec. 31, 2013
FINANCIAL ASSETS	33,942,186	510,769	117,527	(421,241)	**33,914,187**
PROPERTY AND EQUIPMENT	8,483	2	67		**8,418**
INTANGIBLE ASSETS	3,000				**3,000**
TOTAL	**33,953,669**	**510,771**	**117,594**	**(421,241)**	**33,925,605**

Note 2.1 Depreciation, amortization and impairment of non-current assets

DEPRECIATION AND AMORTIZATION

	Accum. deprec. & amortiz. as of Dec. 31, 2012	Expense	Reversals	Accum. deprec. & amortiz. as of Dec. 31, 2013
FINANCIAL ASSETS	0			
PROPERTY AND EQUIPMENT	1,583	50	67	**1,566**
INTANGIBLE ASSETS	0			
TOTAL	**1,583**	**50**	**67**	**1,566**

IMPAIRMENT

	Impairment provisions as of Dec. 31, 2012	Losses	Reversals	Impairment provisions as of Dec. 31, 2013
FINANCIAL ASSETS	156,228	13,254		**169,482**
PROPERTY AND EQUIPMENT	0			**0**
INTANGIBLE ASSETS	0			**0**
TOTAL	**156,228**	**13,254**	**0**	**169,482**

Note 2.2 Analysis of receivables and liabilities by residual maturity

ASSETS	Three months or less	Between three months and one year	Between one and five years	More than five years and perpetual	Accrued interest and interest	TOTAL
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS						
Demand	2,850,767					**2,850,767**
Term	17,221,362	16,983,876	41,532,553	20,149,788	394,059	**96,281,638**
LOANS AND RECEIVABLES DUE FROM CUSTOMERS						
Commercial loans	305,148					**305,148**
Other customer loans	667,733	1,130,709	2,465,243	2,135,549	39,754	**6,438,988**
Overdrawn current accounts	88,448					**88,448**
BONDS AND OTHER FIXED-INCOME SECURITIES	776,833	4,808,000	16,382,388	8,873,661	107,806	**30,948,688**
of which trading securities	*98,988*					***98,988***
TOTAL	**21,910,291**	**22,922,585**	**60,380,184**	**31,158,998**	**541,619**	**136,913,677**

The maturity of non-performing loans is considered to be over five years.

LIABILITIES	Three months or less	Between three months and one year	Between one and five years	More than five years and perpetual	Accrued interest and interest	TOTAL
DUE TO CREDIT INSTITUTIONS						
Demand	15,807,516				90	**15,807,606**
Term	10,266,926	3,919,100	12,229,786	12,290,140	472,214	**39,178,166**
DUE TO CUSTOMERS						
Regulated savings accounts						
Demand						**0**
Term						**0**
Other liabilities						
Demand						**0**
Term	8,620,156	6,089,063	10,500,000	6,501,289	58,945	**31,769,453**
DEBT SECURITIES						
Retail certificates of deposit						**0**
Interbank instruments and trading instruments	12,078,712	11,539,554	4,548,193	5,214,121	219,503	**33,600,083**
Bonds	2,928,000	2,618,090	18,149,166	9,127,040	628,974	**33,451,270**
SUBORDINATED DEBT			2,900,000	4,353,896	52,103	**7,305,999**
TOTAL	**49,701,310**	**24,165,807**	**48,327,145**	**37,486,486**	**1,431,829**	**161,112,577**

Note 2.3 Allocation of loans and receivables due from credit institutions

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**2013**	**Net change**	**2012**
Demand	2,850,767	(8,531,771)	11,382,538
Term	96,281,639	(251,317)	96,532,956
of which irrecoverable loans	0	0	0
(Impairment provisions)	*(0)*	*0*	*(0)*

Note 2.4 Allocation of loans and receivables due from customers

	2013		
Excluding accrued interest of €39,754 thousand from gross receivables	Gross amount	of which non-performing losses	Impairment provisions
By major types of counterparties			
. Companies	6,792,920	136	136
. Sole traders			
. Individuals	8		
. Governments	39		
. Non-profit institutions			
Total	**6,792,967**	**136**	**136**
By business sector			
. Farming and mining			
. Retail and wholesale	205,400		
. Industries	375		
. Business services and holding companies	424,588	136	136
. Services to individuals	7,222		
. Financial services	5,770,464		
. Real estate services	83,725		
. Transportation and communication	290,086		
. Unallocated and other	11,107		
Total	**6,792,967**	**136**	**136**
By geographic region			
. France	2,085,100	136	136
. Europe, excluding France	4,707,867		
. Rest of the world			
Total	**6,792,967**	**136**	**136**

None of the non-performing loans is considered irrecoverable.

Note 2.5 Amount of commitments in respect of fully consolidated subsidiaries and other long-term equity investments

ASSETS

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	402,463	4,597,968
Term	56,256,733	54,002,980
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	5,068,207	5,017,032
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	24,622,759	25,375,568
SUBORDINATED RECEIVABLES	1,750,158	2,335,949
TOTAL	**88,100,320**	**91,329,497**

LIABILITIES

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
DUE TO CREDIT INSTITUTIONS		
Demand	12,544,617	4,587,689
Term	32,402,127	29,748,487
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand	151,205	160,448
Term	19,257,985	19,000,000
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments	726,320	1,046,590
Bonds	4,254,079	3,072,169
Other debt securities		
SUBORDINATED DEBT	1,618,743	1,740,949
TOTAL	**70,955,076**	**59,356,332**

This table includes the commitments given to and received from fully consolidated subsidiaries and other long-term equity investments, which are included in the consolidation scope of the Crédit Mutuel Centre Est Europe Group.

Note 2.6 Allocation of subordinated assets

	Amount as of Dec. 31, 2013		Amount as of Dec. 31, 2012	
	Subordinated amount	of which non-voting loan stock	Subordinated amount	of which non-voting loan stock
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS				
Term	781,540	37,751	1,360,934	33,662
Perpetual	291,000		291,000	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS				
Other customer loans	700,000	700,000	700,000	700,000
BONDS AND OTHER FIXED-INCOME SECURITIES	959,212	115,021	1,472,192	105,988
TOTAL	**2,731,752**	**852,772**	**3,824,126**	**839,650**

Note 2.7 Subordinated debt

	Subordinated Note 3	Subordinated Note 4	Subordinated Note 5	Subordinated Note 6
Amount	800,000	300,000	300,000	500,000
Maturity	Sept. 30, 2015	Dec. 18, 2015	June 16, 2016	Dec. 16, 2016

	Subordinated Note 7	Subordinated Note 8	Subordinated Note 9	Deeply subord. Note
Amount	1,000,000	1,000,000	1,250,000	2,103,896
Maturity	Dec. 6, 2018	Oct. 22, 2020	Perpetual	Perpetual

Terms	Subordinated loans and notes have a lower priority than all other debts as regards repayment, with the exception of non-voting loan stock. The deeply subordinated notes have the lowest priority because they are expressly subordinated to all other debts of the company, whether unsecured or subordinated.
Early repayment option	Not permitted during the first five years unless accompanied by an increase in capital. Not permitted for subordinated notes, except in case of redemption in the market or a takeover bid (cash or share exchange). Restricted with regard to deeply subordinated notes because they are similar to Tier 1 capital.

Subordinated debt amounted to €7,305,999 thousand (including accrued interest).

Note 2.8 Securities investments: breakdown between trading, available-for-sale and held-to-maturity

	Trading	Available for sale	Held to maturity	**TOTAL**
GOVERNMENT SECURITIES AND EQUIVALENT	99,988	13,661,625	515	**13,762,128**
BONDS AND OTHER FIXED-INCOME SECURITIES		6,217,888	24,730,800	**30,948,688**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		287,173		**287,173**
TOTAL	**99,988**	**20,166,686**	**24,731,315**	**44,997,989**

Note 2.9 Securities investments: reclassifications

	Held-to-maturity securities reclassified in 2008	Amount due as of Dec. 31, 2012	Amount outstanding as of Dec. 31, 2013	Unrealized loss (impairment) if there was no reclassification	Amount of recovery if there was no reclassification
AVAILABLE-FOR-SALE SECURITIES	1,318,640	1,141,040	177,600	797	9,880
TOTAL	**1,318,640**	**1,141,040**	**177,600**	**797**	**9,880**

In accordance with CRB (Comité de la Réglementation Bancaire, the French Banking Regulations Committee) Regulation 90-01 on accounting for security transactions, as introduced by CRC (Comité de la Réglementation Comptable, the French Accounting Regulations Committee) Regulation 2008-17 of December 10, 2008 with regard to reclassifications of securities from "trading securities" and from "available-for-sale securities" categories, BFCM did not make any such reclassification at December 31, 2013.

Note 2.10 Securities investments: differences between the acquisition price and the selling price of available-for-sale securities and held-to-maturity securities

SECURITY TYPE	**UNAMORTIZED NET DISCOUNTS/PREMIUMS**	
AVAILABLE-FOR-SALE SECURITIES	**Discount**	**Premium**
Bond market	37,548	111,619
Money market	5,289	4,588
HELD-TO-MATURITY SECURITIES		
Bond market	4,625	19
Money market		7

Note 2.11 Securities investments: unrealized gains and losses

Amount of unrealized gains on available-for-sale securities:	695,321
Amount of unrealized losses on impaired available-for-sale securities:	77,256
Amount of unrealized losses on held-to-maturity securities:	6,111
Amount of unrealized gains on held-to-maturity securities:	120,569

Note 2.12 Securities investments: amount of receivables related to loaned securities

	Amount as of Dec. 31, 2013	**Amount as of Dec. 31, 2012**
GOVERNMENT SECURITIES AND EQUIVALENT	0	0
BONDS AND OTHER FIXED-INCOME SECURITIES	0	0
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	0	0

Note 2.13 Securities investments: amount of assets and liabilities related to securities given under repurchase agreements

	Assets	Liabilities
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand		
Term		
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Other customer loans		
DUE TO CREDIT INSTITUTIONS		
Demand		
Term		
DUE TO CUSTOMERS		
Other liabilities		
Demand		
Term		
TOTAL	**0**	**0**

Note 2.14 Securities investments: allocation of bonds and other fixed-income securities by issuer

	Issuer		Accrued interest	TOTAL
	Government agencies	Other		
GOVERNMENT SECURITIES, BONDS AND OTHER FIXED-INCOME SECURITIES	14,552,817	30,000,203	157,796	**44,710,816**

Note 2.15 Securities investments: breakdown between listed and unlisted

	Amount of listed securities	Amount of unlisted securities	Accrued interest	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	3,419,799	10,292,339	49,990	**13,762,128**
BONDS AND OTHER FIXED-INCOME SECURITIES	29,854,172	986,710	107,806	**30,948,688**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	266,418	20,755		**287,173**
TOTAL	**33,540,389**	**11,299,804**	**157,796**	**44,997,989**

Note 2.16 Securities investments: information on UCITS

	French UCITS	Foreign UCITS	**TOTAL**
VARIABLE INCOME SECURITIES - UCITS	2,669	14,020	**16,689**

	Accumulation UCITS	Distribution UCITS	**TOTAL**
VARIABLE-INCOME SECURITIES - UCITS	16,689	0	**16,689**

Note 2.17 Securities investments: investments in subsidiaries, associates, and other long-term equity investments in credit institutions

	Amount invested in credit institutions **as of Dec. 31, 2013**	Amount invested in credit institutions as of Dec. 31, 2012
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,863,871	1,753,032
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	3,743,359	3,722,708
TOTAL	**5,607,230**	**5,475,740**

Note 2.18 Securities investments: information on available-for-sale securities

No available-for-sale securities were held as of December 31, 2013.

Note 2.19 Associates that are unlimited liability corporations

Business name	Registered office	Legal form
REMA	STRASBOURG	French general partnership (SNC)
CM-CIC FONCIERE	STRASBOURG	French general partnership (SNC)
STE CIVILE GESTION DES PARTS DANS L'ALSACE	STRASBOURG	French investment trust (SCP)

Note 2.20 Reserves

	Amount as of Dec. 31, 2013	**Amount as of Dec. 31, 2012**
LEGAL RESERVE	132,663	132,481
REGULATORY AND CONTRACTUAL RESERVES	2,056,466	1,477,466
REGULATED RESERVES		
OTHER RESERVES	9,495	9,495
TOTAL	**2,198,624**	**1,619,442**

Note 2.21 Set-up costs, research and development costs and business goodwill

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
SET-UP COSTS		
Organization costs		
Start-up costs		
Capital increase and other costs		
RESEARCH AND DEVELOPMENT COSTS		
BUSINESS GOODWILL		
OTHER INTANGIBLE ASSETS	3,000	3,000
TOTAL	**3,000**	**3,000**

Note 2.22 Receivables eligible for refinancing with a central bank

No receivables eligible for refinancing with a central bank were held as of December 31, 2013.

Note 2.23 Accrued interest receivable or payable

	Accrued interest receivable	Accrued interest payable
ASSETS		
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT	49,990	
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand		
Term	394,059	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	39,754	
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	107,806	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS		
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		

LIABILITIES

CENTRAL BANKS, POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS		
Demand		90
Term		472,214
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand		
Term		58,945
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments		219,503
Bonds		628,974
Other debt securities		
SUBORDINATED DEBT		52,103
TOTAL	**591,609**	**1,431,829**

Note 2.24 Other assets and other liabilities

OTHER ASSETS	**Amount as of Dec. 31, 2013**	**Amount as of Dec. 31, 2012**
CONDITIONAL INSTRUMENTS PURCHASED	435	1,468
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	46,860	17,487
SUNDRY DEBTORS	3,877,213	957,706
CARRY BACK RECEIVABLES		
OTHER STOCK AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	**3,924,508**	**976,661**

OTHER LIABILITIES

	Amount as of Dec. 31, 2013	**Amount as of Dec. 31, 2012**
OTHER DEBTS ON SECURITIES		
CONDITIONAL INSTRUMENTS SOLD	435	1,468
DEBTS ON TRADING SECURITIES		
of which debts on securities borrowed		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	23,156	50,913
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP		
SUNDRY CREDITORS	1,042,552	1,960,814
TOTAL	**1,066,143**	**2,013,195**

Note 2.25 Accruals

ASSETS

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
HEADQUARTERS AND BRANCH - NETWORK		
COLLECTIONS		287
OTHER ADJUSTMENTS	3,758	58,620
SUSPENSE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED LOSSES ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS SETTLED	79,379	52,308
DEFERRED EXPENSES	138,964	155,229
PREPAID EXPENSES	11,269	11,312
ACCRUED INCOME	1,637,530	1,668,909
OTHER ACCRUALS	51,861	48,255
TOTAL	**1,922,761**	**1,994,920**

LIABILITIES

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
HEADQUARTERS AND BRANCH - NETWORK		
ACCOUNTS UNAVAILABLE DUE TO COLLECTION PROCEDURES	332	
OTHER ADJUSTMENTS	176,315	5,993
SUSPENSE ACCOUNTS		
POTENTIAL GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED GAINS ON HEDGING CONTRACTS - FORWARD FINANCIAL INSTRUMENTS SETTLED	255,921	194,074
DEFERRED INCOME	19,053	11,576
ACCRUED EXPENSES	1,074,056	1,130,519
OTHER ACCRUALS	117,840	91,657
TOTAL	**1,643,517**	**1,433,819**

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

Note 2.26 Unamortized balance of the difference between the purchase price and the redemption price of debt securities

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
ISSUANCE PREMIUM ON FIXED-INCOME SECURITIES	170,724	167,625
REDEMPTION PREMIUMS ON FIXED-INCOME SECURITIES	25,704	32,866
TOTAL	**196,428**	**200,491**

Note 2.27 Provisions

	Amount as of Dec. 31, 2013	Additions	Reversals	Amount as of Dec. 31, 2012	Reversal lag
PROVISION FOR ASSOCIATE-RELATED RISKS	14,000	14,000		0	> 3 years
PROVISION FOR RETIREMENT BENEFITS	1,120			1,120	< 3 years
PROVISION FOR SWAPS	21,816		40,142	61,958	< 1 year
PROVISION FOR TAXES	1,750			1,750	< 1 year
PROVISION FOR GUARANTEE COMMITMENTS	15,858	15,858	5,388	5,388	> 3 years
OTHER PROVISIONS	1,194	1,194	1,409	1,409	< 1 year
	55,738	**31,052**	**46,939**	**71,625**	

Note 2.28 Equivalent in euros of assets and liabilities denominated in non-euro zone currencies

ASSETS

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT		
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	11,081,980	13,347,503
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	54,489	97,321
BONDS AND OTHER FIXED-INCOME SECURITIES	3,606	579,854
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	19,886	17,437
REAL ESTATE DEVELOPMENT		
SUBORDINATED LOANS		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,301,433	1,220,850
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		
INTANGIBLE ASSETS		
PROPERTY AND EQUIPMENT		
OTHER ASSETS	81,722	34,482
ACCRUALS	80,689	76,998
TOTAL FOREIGN-CURRENCY DENOMINATED ASSETS	**12,623,805**	**15,374,445**
Percentage of total assets	**7.49%**	**9.47%**

LIABILITIES

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
CENTRAL BANKS, POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS	4,012,219	2,778,308
DUE TO CUSTOMERS	1,398,215	1,034,348
DEBT SECURITIES	10,890,958	8,195,945
OTHER LIABILITIES	59,920	54,386
ACCRUALS	115,744	122,896
PROVISIONS		
SUBORDINATED DEBT		
TOTAL FOREIGN-CURRENCY DENOMINATED LIABILITIES	**16,477,056**	**12,185,883**
Percentage of total liabilities	**9.78%**	**7.50%**

Notes to the off-statement of financial position items

Note 3.1 Assets pledged as collateral for commitments

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
ASSETS PLEDGED FOR TRANSACTIONS ON FORWARD MARKETS	0	0
OTHER ASSETS PLEDGED	14,198,821	35,604,513
of which to Banque de France	*11,361,977*	*32,725,017*
of which to Société de financement de l'économie française	*2,836,844*	*2,879,496*
TOTAL	**14,198,821**	**35,604,513**

CM-CIC Home Loan SFH is a 99.99%-owned subsidiary of BFCM. Its purpose is to issue, exclusively on behalf of its parent company, securities backed by mortgages and equivalent assets distributed through the Crédit Mutuel and CIC networks. Contractual provisions require BFCM to provide assets as collateral for the securities issued by CM-CIC Home Loan SFH, should certain events occur (such as a decline in ratings below a certain level or in the amount of mortgage loans).
As of December 31, 2013, this procedure had not been called upon.

Note 3.2 Assets received as collateral

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
ASSETS RECEIVED IN PLEDGE FOR TRANSACTIONS ON FORWARD MARKETS		
OTHER ASSETS RECEIVED	380,860	381,807
of which to Société de financement de l'économie française	*380,860*	*381,807*
TOTAL	**380,860**	**381,807**

The bank obtains refinancing from Caisse de Refinancement de l'Habitat through the issuance of promissory notes secured by receivables, in accordance with Article L 313-42 of the French Monetary and Financial Code.
As of December 31, 2013, assigned receivables totaled €9,535,564 thousand. The home loans securing these promissory notes are provided by the Crédit Mutuel Group, of which BFCM is a subsidiary. These loans amounted to €9,526,015 thousand at the same date.

Note 3.3 Forward transactions in foreign currencies not settled as of December 31

	Amount as of Dec. 31, 2013		Amount as of Dec. 31, 2012	
FORWARD FOREIGN EXCHANGE TRANSACTIONS	Assets	Liabilities	Assets	Liabilities
Euros receivable/foreign currencies payable	7,770,434	7,535,580	9,877,193	9,713,865
of which currency swaps	*2,365,192*	*2,205,463*	*2,072,617*	*1,995,606*
Foreign currencies receivable/euros payable	12,371,563	12,790,462	8,003,935	8,049,429
of which currency swaps	*5,073,622*	*5,389,995*	*3,157,096*	*3,119,918*
Foreign currencies receivable/foreign currencies payable	8,294,326	8,271,923	8,240,891	8,294,836
of which currency swaps				

Note 3.4 Other forward transactions not settled as of December 31

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS, CARRIED OUT ON REGULATED AND SIMILAR MARKETS		
Firm hedging transactions		
of which sales of futures contracts		
of which purchases of futures contracts		
Conditional hedging transactions		
Other firm transactions		
of which sales of futures contracts		
OTC TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS		
Firm hedging transactions	285,186,426	316,207,150
of which interest rate swaps	*282,343,063*	*312,734,389*
interest rate swaps denominated in foreign currencies	*2,843,363*	*3,472,761*
purchases of forward rate agreements		
sales of forward rate agreements		
Conditional hedging transactions	630,000	730,800
of which purchases of swap options		
sales of swap options		
of which purchases of caps and floors	*315,000*	*365,400*
sales of caps and floors	*315,000*	*365,400*
Other firm transactions	4,122,512	1,919,620
of which interest rate swaps	*4,118,886*	*1,919,620*
interest rate swaps denominated in foreign currencies	3,626	
Other conditional transactions		
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions		
of which purchases of foreign exchange options		
sales of foreign exchange options		
OTC TRANSACTIONS INVOLVING INSTRUMENTS OTHER THAN INTEREST-RATE AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions		
of which purchases of non-deliverable forwards		
sales of non-deliverable forwards		
Conditional hedging transactions		
of which purchases of options		
sales of options		

Note 3.5 Analysis of forward transactions not yet settled by residual maturity

	Amount as of Dec. 31, 2013			**Amount as of Dec. 31, 2012**		
	0 - 1 year	1 - 5 years	> 5 years	0 - 1 year	1 - 5 years	> 5 years
FOREIGN CURRENCY TRANSACTIONS	22,705,581	5,376,933	515,451	21,426,405	4,180,185	451,540
TRANSACTIONS INVOLVING INTEREST RATE INSTRUMENTS, CARRIED OUT ON REGULATED MARKETS						
Firm transactions						
of which sales of futures contracts						
of which purchases of futures contracts						
Other firm transactions						
of which sales of futures contracts						
OTC TRANSACTIONS INVOLVING INTEREST-RATE INSTRUMENTS						
Firm transactions	50,445,850	58,797,262	180,065,286	81,304,077	62,218,352	174,604,341
of which swaps	*50,445,850*	*58,797,262*	*180,065,286*	*81,304,077*	*62,218,352*	*174,604,341*
purchases of forward rate agreements						
sales of forward rate agreements						
Conditional hedging transactions	630,000			6,400	724,400	
of which purchases of swap options						
sales of swap options						
of which purchases of caps and floors	*315,000*			*3,200*	*362,200*	
sales of caps and floors	*315,000*			*3,200*	*362,200*	
Other conditional transactions						
OTC TRANSACTIONS INVOLVING FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions						
of which purchases of foreign exchange options						
sales of foreign exchange options						
OTC TRANSACTIONS INVOLVING OTHER FORWARD INSTRUMENTS						
Firm transactions						
of which purchases of non-deliverable forwards						
sales of non-deliverable forwards						
Conditional transactions						
of which purchases of options						
sales of options						

Note 3.6 Commitments in respect of fully consolidated subsidiaries and other long-term equity investments

Commitments given

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
Financing commitments	8,674,000	8,402,000
Guarantee commitments	3,161,262	3,257,609
Foreign exchange commitments	5,466,591	5,508,542
Commitments on forward financial instruments	165,291,405	157,569,568
TOTAL	**182,593,258**	**174,737,719**

Commitments received

	Amount as of Dec. 31, 2013	Amount as of Dec. 31, 2012
Financing commitments		
Guarantee commitments	3,382	11,308
Foreign exchange commitments	5,129,423	5,326,011
Commitments on forward financial instruments		
TOTAL	**5,132,805**	**5,337,319**

This table includes the commitments given to and received from fully consolidated subsidiaries and other long-term equity investments, which are included in the consolidation scope of the Crédit Mutuel Centre Est Europe Group.

Note 3.7 Fair value of derivative instruments

	Amount as of Dec. 31, 2013		Amount as of Dec. 31, 2012	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate risk - hedge accounting (macro-micro)				
Conditional or optional instruments				
Firm instruments other than swaps				
Embedded derivatives	85,440	220,259	74,711	267,442
Swaps	2,924,086	2,153,948	4,305,207	2,611,928
Interest rate risks - excluding hedge accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	12,027,936	12,043,633	13,191,363	13,151,218
Foreign exchange risk				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	8,448	1,432	8,689	2,798

This note has been prepared in application of CRC Regulations 2004-14 to 2004-19, which require the disclosure of the fair value of financial instruments. The fair value of derivatives is determined on the basis of market value or, in the absence of a market value, using market models.

Notes to the income statement

Note 4.1 Interest income and expense

	Income 2013	Income 2012
CREDIT INSTITUTIONS	7,782,950	8,231,066
CUSTOMERS	173,498	208,684
BONDS AND OTHER FIXED-INCOME SECURITIES	651,019	841,721
SUBORDINATED LOANS	87,245	98,713
OTHER SIMILAR INCOME	19,749	25,411
NET REVERSAL OF (ADDITION TO) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET REVERSAL OF (ADDITION TO) PROVISIONS ON OTHER SIMILAR INCOME	9,567	35,789
TOTAL	**8,724,028**	**9,441,384**

	Expenses 2013	Expenses 2012
CREDIT INSTITUTIONS	6,743,180	7,330,178
CUSTOMERS	399,311	499,624
BONDS AND OTHER FIXED-INCOME SECURITIES	1,287,497	1,360,626
SUBORDINATED DEBT	341,694	379,991
OTHER SIMILAR EXPENSES	116,165	104,522
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET ADDITION TO (REVERSAL OF) PROVISIONS FOR OTHER SIMILAR EXPENSES		
TOTAL	**8,887,847**	**9,674,941**

Note 4.2 Analysis of income from variable-income securities

	Amount 2013	Amount 2012
AVAILABLE-FOR-SALE EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	13,804	6,093
SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	384,963	406,706
MEDIUM-TERM AVAILABLE-FOR-SALE SECURITIES		
TOTAL	**398,767**	**412,799**

Note 4.3 Fees and commissions

	Income 2013	Income 2012
CREDIT INSTITUTIONS	8,114	284
CUSTOMERS	5,426	3,805
SECURITIES TRANSACTIONS	61	82
FOREIGN EXCHANGE TRANSACTIONS	1	2
FINANCIAL SERVICES PROVIDED	37,503	26,777
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	1,549	1,124
REVERSALS FROM PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**52,654**	**32,074**

	Expenses 2013	Expenses 2012
CREDIT INSTITUTIONS	586	961
CUSTOMERS	1	
SECURITIES TRANSACTIONS	7,163	8,943
FOREIGN EXCHANGE TRANSACTIONS	1,033	1,011
FINANCIAL SERVICES PROVIDED	29,938	16,724
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	1,601	1,330
ADDITIONS TO PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**40,322**	**28,969**

Note 4.4 Gains (losses) on trading securities

	Amount 2013	Amount 2012
TRADING SECURITIES	1,683	16,860
FOREIGN EXCHANGE	4,259	2,825
FORWARD FINANCIAL INSTRUMENTS	(562)	(793)
NET IMPAIRMENT REVERSALS (LOSSES)	40,143	131,025
TOTAL	**45,523**	**149,917**

Note 4.5 Gains (losses) on available-for-sale and similar securities

	Amount 2013	Amount 2012
ACQUISITION EXPENSES ON AVAILABLE-FOR-SALE SECURITIES	(497)	(54)
NET GAIN (LOSS) ON DISPOSALS	54,246	125,094
NET IMPAIRMENT REVERSALS (LOSSES)	43,549	165,239
TOTAL	**97,298**	**290,279**

Note 4.6 Other operating income and expenses

	Amount 2013	Amount 2012
MISCELLANEOUS OPERATING INCOME	2,080	743
MISCELLANEOUS OPERATING EXPENSES	(8,822)	(9,338)
TOTAL	**(6,742)**	**(8,595)**

Note 4.7 Operating expenses

	Amount 2013	Amount 2012
SALARIES AND WAGES	5,642	5,329
RETIREMENT BENEFITS EXPENSE	690	641
OTHER PAYROLL-RELATED EXPENSES	1,674	1,641
PROFIT-SHARING AND INCENTIVE PLANS	356	325
PAYROLL AND SIMILAR TAXES	1,212	895
OTHER TAXES AND DUTIES	12,456	17,893
EXTERNAL SERVICES	38,132	34,734
NET ADDITIONS TO/REVERSALS FROM PROVISIONS RELATING TO OPERATING EXPENSES		1,120
REINVOICED EXPENSES	(7,069)	(6,750)
TOTAL	**53,093**	**55,828**

The competitiveness and employment tax credit (CICE), recognized as a credit to payroll costs, amounted to €17,822.93 for fiscal year 2013.

The CICE enabled, in particular, the maintenance of or even an increase in financing for employee training at a level well above the regulatory levels and enhancement of the Group's overall competitiveness, particularly through:

- investment, in particular in new technologies such as digital applications (tablets) and videoconferencing systems on portable computers, enabling customers and shareholders to not only remain in closer contact with their account officers but also to achieve energy savings;
- IT developments concerning new telephone-based means of payment;
- research into new services benefiting our merchant customers;
- reductions in the cost of providing services to customers and shareholders in connection with prospecting in new national and international markets.

As regards new market and new client prospection, in particular, our sales teams will need to be increased in some regions that are currently under commercial development.

The total amount of direct and indirect remuneration paid in 2013 to directors and corporate officers of BFCM was €5,514,357.77 compared with €5,267,225.73 in 2012. No attendance fees were paid.

Related party transactions:

· At its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €770,000 (including social security contributions);

· At its meeting of May 8, 2011, the Board of Directors of BFCM approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €1,120,000 (including social security contributions). A provision was recognized for the outstanding amount as of December 31, 2013. In his capacity as a corporate officer, Mr. Fradin also benefits from a supplemental pension plan on the same terms and conditions as all other BFCM employees.

2013 contributions to the insurance company amounted to €17,923 and covered the entire commitment.

Individual right to training (Droit individuel à la formation, DIF) hours earned by employees in accordance with Articles L 933-1 to L 933-6 of the French Labor Code totaled 2,787.

Pursuant to Decree 2008-1487 of November 30, 2008 relating to statutory auditors, the fees paid for the statutory audit amounted to €596,961.60. Fees for directly related advisory and other services totaled €939,428.10.

Note 4.8 Net additions to/reversals from provisions for loan losses

	Amount 2013	Amount 2012
ADDITIONS TO PROVISIONS FOR RECEIVABLES	(10,470)	
REVERSALS OF PROVISIONS FOR RECEIVABLES	10	63,045
LOSS ON IRRECOVERABLE RECEIVABLES COVERED BY PROVISIONS		(60,208)
TOTAL	**(10,460)**	**2,837**

The reversal of provisions and the loss on irrecoverable receivables in 2012 were related to the Greek sovereign debt risk.

Note 4.9 Gains (losses) on non-current assets

	Amount 2013	Amount 2012
GAINS (LOSSES) ON PROPERTY AND EQUIPMENT	6	
GAINS (LOSSES) ON FINANCIAL ASSETS	(20,218)	178,683
IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS	(13,253)	(103,200)
REVERSALS FROM (ADDITIONS TO) PROVISIONS FOR RISKS AND CHARGES	(14,000)	
TOTAL	**(47,465)**	**75,483**

Note 4.10 Breakdown of corporate income tax

	Amount 2013	Amount 2012
(A) TAX ON ORDINARY INCOME	6,731	25,641
(B) TAX ON EXTRAORDINARY ITEMS		
(C) EFFECTS OF TAX CONSOLIDATION	(41,652)	(40,013)
(A + B + C) INCOME TAX FOR THE YEAR	(34,921)	(14,372)
ADDITIONS TO PROVISIONS RELATING TO INCOME TAX		
REVERSALS FROM PROVISIONS RELATING TO INCOME TAX	(108)	
TOTAL CORPORATE INCOME TAX FOR THE YEAR	**(35,029)**	**(14,372)**

FIVE-YEAR FINANCIAL SUMMARY

(amounts in €)

	2009	2010	2011	2012	2013
1. 1. Capital at the reporting date					
a) Capital stock	1,302,192,250.00	1,302,192,250.00	1,324,813,250.00	1,326,630,650.00	1,329,256,700.00
b) Number of common shares outstanding	26,043,845	26,043,845	26,496,265	26,532,613	26,585,134 (a)
c) Par value of shares	50 €	50 €	50 €	50 €	50 €
d) Number of preferred shares (no voting rights) outstanding					
2. Results of operations					
a) Net banking income, income from securities investments and other income	339,294,315.93	222,520,610.80	374,735,749.37	613,947,145.96	383,360,600.79
b) Income before tax, profit-sharing, depreciation, amortization and provisions	48,974,566.71	284,102,040.62	485,783,259.18	404,393,723.58	220,719,959.14
c) Corporate income tax	-106,072,636.66 (NB)	-11,742,875.03	-41,469,790.81	-14,371,909.94	-34,921,389.62
d) Profit sharing	217,872.50	93,768.43	120,989.88	62,577.07	91,347.06
e) Income after tax, profit-sharing, depreciation, amortization and provisions	330,938,950.34	302,074,929.32	289,765,321.77	649,396,490.02	311,481,573.22
f) Earnings distributed	129,177,471.20	0.00	52,463,198.60	70,263,445.09	130,116,946.54
3. Earnings per share					
a) Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	5.95	11.36	19.89	15.78	9.61
b) Earnings after tax, profit-sharing, depreciation, amortization and provisions	12.71	11.60	10.94	24.48	11.72
c) Dividend per share	4.96	0.00	2.00	2.65	4.90 (b)
			0.83	1.33	2.04 (b)
4. Employees					
a) Average number of employees for the year	25	27	26	27	27
b) Payroll expense	4,736,290.22	7,300,519.96	4,859,236.29	5,328,750.54	5,641,794.04
c) Employee benefits (social security, benefit plans)	1,915,023.19	2,567,884.95	2,004,643.97	2,281,964.98	2,381,796.54

(a): 26,532,613 shares carrying dividend rights for the full year and 52,521 new shares carrying entitlement to dividends from August 1, 2013.

(b): A dividend of €4.90 was paid out for each share carrying dividend rights for the full year and a dividend of €2.04 was paid out for each new share carrying entitlement to dividends from August 1, 2013.

Note: Pursuant to CRC (Comité de la Réglementation Comptable, the French Accounting Regulations Committee) Regulation 2000-03, applied as from 2001, the amount of corporate income tax mentioned above includes tax due for the year and movements on related provisions.

V1.3 - Information on subsidiaries and associated companies

A. DETAILED INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF BFCM's CAPITAL (€13,292,567)	Capital as of Dec. 31, 2012	Shareholder's equity other than capital and unappropriated earnings at Dec. 31, 2012	Percentage of capital held as of Dec. 31, 2013	Carrying amount of investment held as of Dec. 31, 2012		Outstanding loans and advances granted by the Bank as of Dec. 31, 2013	Guarantees and securities granted by the Bank as of Dec. 31, 2013	Revenue in 2012	Net income (loss) in 2012	Net dividends received by the Bank in 2013	Notes
				Gross	Net						
1) Subsidiaries (more than 50%-owned)											
VENTADOUR INVESTISSEMENT 1, SA, Paris	600,000	-3,824	100.00	600,294	600,294	403,513	0	0 (3)	28,776	0	
CM AKQUISITIONS GmbH, Düsseldorf	200,225	118,736	100.00	200,225	200,225	4,680,000	0	7,728	78,765	0	
CREDIT MUTUEL-CIC Home Loan SFH (formerly CM-CIC COVERED BONDS)	220,000	2,097	100.00	220,000	220,000	4,429,328	0	2,112 (4)	688	0	
GROUPE REPUBLICAIN LORRAIN COMUNICATION, SAS, Woippy	1,512	78,291	100.00	94,514	38,014	11,536	0	4,442	-36,356	0	
CIC IBERBANCO, SA à Directoire et Conseil de Surveillance, Paris	25,143	45,497	100.00	84,998	84,998	34,006	0	19,271 (4)	1,343	164	
EBRA, SAS	40,038	-98,206	100.00	40,038	0	224,545	0	2,164	-6,455	0	
BANQUE DU CREDIT MUTUEL ILE-DE-France, SA, Paris	15,200	3,892	100.00	19,041	19,041	0	0	45 (4)	14	0	
CM-CIC IMMOBILIER (formerly ATARAXIA)	31,137	35,685	100.00	80,986	80,986	6,785	0	3,036	11,377	1,564	
BANQUE EUROPEENNE DU CREDIT MUTUEL, BECM, SAS, Strasbourg	105,934	476,294	96.08	244,722	244,722	3,868,875	5,150,000	191,126 (4)	63,641	18,397	
SOCIETE FRANCAISE D'EDITION DE JOURNAUX ET D'IMPRIMES COMMERCIAUX "L'ALSACE", SAS, Mulhouse	10,210	-9,609	95.60	15,946	10,443	5,436	0	1,771	-39,648	0	
CARMEN HOLDING INVESTISSEMENT, SA, Paris	489,967	460,292	100.00	959,834	959,834	7,430,791	0	0 (3)	40,244	0	
SOCIETE DU JOURNAL L'EST REPUBLICAIN	2,400	-23,612	92.04	83,909	62,209	0	0	98,232	-2,212	0	
CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris	608,440	9,162,000	72.73	2,945,749	2,945,749	34,276,603	6,255,182	4,260,000	698,000	207,012	Consolidated
GROUPE DES ASSURANCES DU CREDIT MUTUEL, SA, Strasbourg	1,118,793	3,916,922	52.81	974,661	974,661	0	0	8,307,197	524,221	127,684	Consolidated
SPI (SOCIETE PRESSE INVESTISSEMENT), SA, Houdemont	77,239	26,884	50.96	75,200	75,200	0	0	0 (3)	-37,430	0	
2) Associates (10% to 50%-owned)											
TARGOBANK Spain (formerly BANCO POPULAR HIPOTECARIO)	176,045	108,298	50.00	312,500	312,500	9,641	27,781	82,003 (4)	483	0	
BANQUE DU GROUPE CASINO , SA, Saint Etienne	23,470	86,701	50.00	88,571	88,571	539,000	324,000	78,678 (4)	-8,439	0	Consolidated
CM-CIC LEASE, SA, Paris	64,399	36,738	45.94	47,779	47,779	3,224,457	27,787	10,572 (4)	1,955	888	
BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Casablanca	1,719,635 (1)	14,426,322 (1)	26.21	1,132,993	1,132,993	0	0	9,017,776 (1)	1,579,461 (1)	11,751	Consolidated
CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris	299,702	11,394	22.95	71,313	71,313	37,751	453,359	5,460 (4)	1,764	406	
BANQUE DE TUNISIE, Tunis	112,500 (2)	358,914 (2)	33.52	200,740	200,740	0	0	161,347 (2)	63,379 (2)	4,250	
CLUB SAGEM, SAS, Paris	119,231	219,342	12.63	56,694	56,694	0	0	0 (3)	NC	0	
3) Other (less than 10%-owned)											
BANCO POPULAR ESPAGNOL	840,855	12,417,966	4.88	515,872	490,872	0	0	3,777,816 (4)	-2,460,943	1,323	Consolidated
EUROCLEAR, SA, Paris	10,265	519,845	2.50	14,546	14,546	0	0	0 (3)	12,349	316	
COFIDIS PARTICIPATION, SA, Villeuneuve d'Asq	68,594	998,461	7.41	47,499	47,499	408,500	0	520,988 (4)	103,573	2,858	Consolidated

(1) Amounts in thousands of Moroccan dirham (MAD)
(2) Amounts in thousands of Tunisian dinar (TND)
(3) Revenue is "not applicable" for the company
(4) NBI for credit institutions

B. GENERAL INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	Capital as of Dec. 31, 2012	Shareholders' equity other than capital and unappropriated earnings as of Dec. 31, 2012	Percentage of capital held as of Dec. 31, 2013	Carrying amount of investment held as of Dec. 31, 2012		Outstanding loans and advances granted by the Bank as of Dec. 31, 2012	Guarantees and securities granted by the Bank as of Dec. 31, 2013	Revenue in 2012	Net income (loss) in 2012	Net dividends received by the Bank in 2013
				Gross	Net					
1) Subsidiaries not included in section A										
a) French subsidiaries (collectively)				47,542	33,383	56,203	0			3,262
of which SNC Rema, Strasbourg				*305*	*305*	*0*	*0*			*70*
b) Foreign subsidiaries (collectively)				0	0					
2) Associates not included in section A										
a) French associates (collectively)				19,241	13,224	207	0			553
of which Société de Gestion des Parts du Crédit Mutuel dans le Journal "L'Alsace", Société Civile, Strasbourg				*6,604*	*0*					
b) Foreign associates (collectively)				3,152	3,152	800	0			4,450
3) Other investments not included in section A										
a) Other investments in French companies (collectively)				12,144	11,577	0	0			56
a) Other investments in foreign companies (collectively)				586	586	0	0			0

VI.4 - Statutory auditors' report on the company financial statements

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

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

Statutory Auditors
Member of the Versailles
regional institute of accountants

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable (Simplified stock company with variable capital)

Statutory Auditors
Member of the Versailles
regional institute of accountants

Banque Fédérative du Crédit Mutuel

Year ended December 31, 2013

Statutory Auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying financial statements of Banque Fédérative du Crédit Mutuel;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I. Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and on the financial position of the Company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

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

- The Company uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Note 1 to the financial statements. We examined the control system applied to the models used and to the process of determining whether or not a market is inactive and to the criteria used.

- As stated in Notes 1 and 2.4 to the financial statements, the Company records impairment losses and provisions to cover the credit risks inherent to its business. We examined the control system applied to the monitoring of credit risk, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risks.

- The Company makes other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of investments in non-consolidated companies and other long-term equity investments, and the assessment of retirement benefit obligations recognized and provisions for legal risks. We examined the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in Note 1 to the financial statements.

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

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from companies that control it or are controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Paris-La Défense, April 14, 2014.

The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Arnaud Bourdeille	Olivier Durand

VII. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

VII.1 - General information

VII.1.1 - Foreword

Pursuant to Article R225-105 of the French Commercial Code (code de commerce) the management report must describe the actions taken and policies adopted by the company to take into account the social and environmental consequences of its activity (Grenelle II Law, Article L.225).

Given the Group's organization, the required information is provided below in the name of Caisse Fédérale de Crédit Mutuel on behalf of the CM11-CIC scope. At the CM11-CIC scope, Caisse Fédérale de Crédit Mutuel holds the collective license (banking code) for all the affiliated local banks and is the head of the group comprising Banque Fédérative du Crédit Mutuel and its subsidiaries as defined in Articles L.233-3 and L.233-16 of the French Commercial Code.

Caisse Fédérale de Crédit Mutuel follows the recommendations of Crédit Mutuel's national confederation (*Confédération Nationale du Crédit Mutuel*) with regard to social and environmental responsibility.

The Federation and Caisse Fédérale de Crédit Mutuel

The local banks belong to a federation. Depending on where the local banks are located, the federation is either an association governed by the Law of July 1, 1901 or, for those local banks situated in the French departments of Haut-Rhin, Bas-Rhin and Moselle, an association subject to the locally applicable Civil Code.

As a strategic planning and control body, the federation represents Crédit Mutuel in its region.

From a regulatory, technical and financial standpoint, Caisse Fédérale de Crédit Mutuel holds the collective banking license from which all affiliated local banks benefit, in accordance with the French Monetary and Financial Code.

Caisse Fédérale de Crédit Mutuel is responsible for the CM11 Group's solvency and liquidity as well as the Group's compliance with banking and financial regulations.

Caisse Fédérale de Crédit Mutuel therefore provides, on behalf of the local banks, financial functions such as liquidity management and also provides technical, legal and IT services either directly or through insurance, IT and leasing subsidiaries.

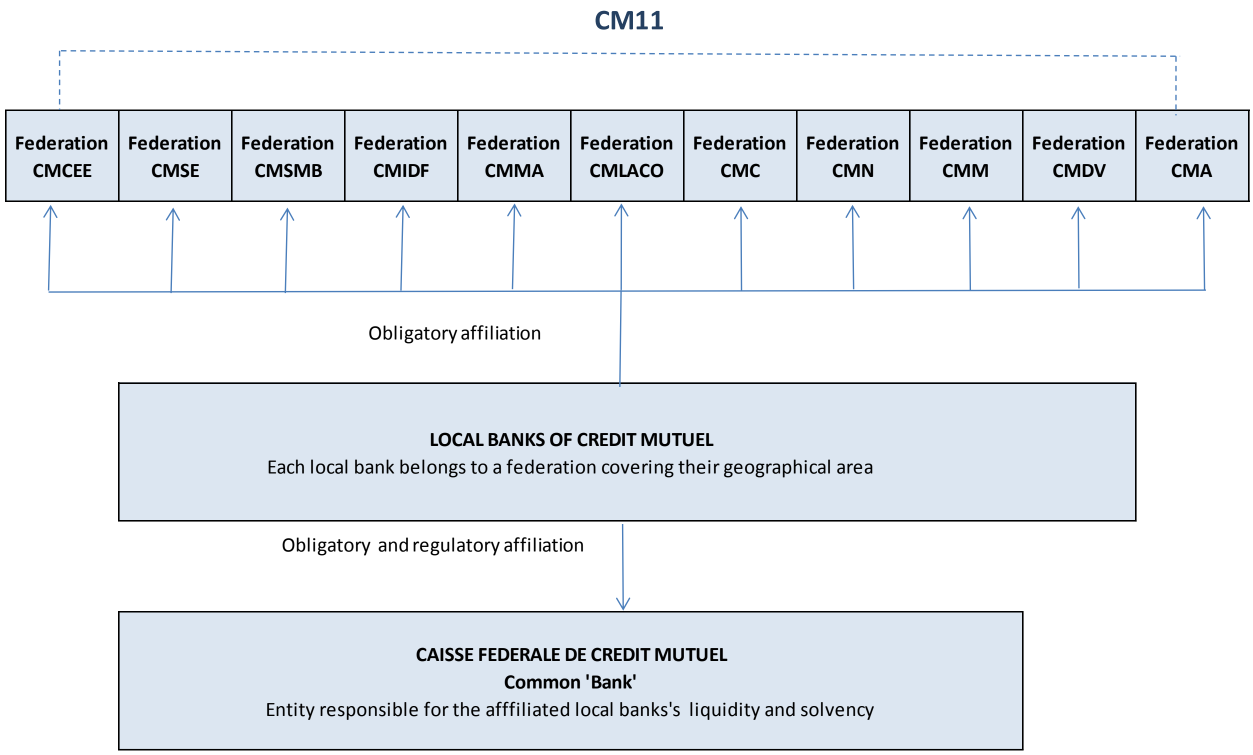
Pursuant to the French Monetary and Financial Code, each Crédit Mutuel group is organized around a Federation, regional banks and all the local banks affiliated to the Federation, and uses the same banking code as Caisse Fédérale de Crédit Mutuel. The latter holds the collective license granted by the French Authority for Prudential Supervision and Resolution (ACPR) and guarantees the solvency and liquidity of the affiliated local banks.

Caisse Fédérale de Crédit Mutuel's banking code is 10278.

Since January 1, 2012, the CM11 Group scope has included the Crédit Mutuel federations that have established partnerships authorized by the supervisory authorities and which have designated Caisse Fédérale de Crédit Mutuel the common bank for the 11 Crédit Mutuel groups formed by:

- Crédit Mutuel Centre Est Europe - CEE - (Strasbourg),
- Crédit Mutuel Ile-de-France - IDF - (Paris),
- Crédit Mutuel Midi-Atlantique - MA - (Toulouse),
- Crédit Mutuel Savoie-Mont Blanc - SMB (Annecy),
- Crédit Mutuel du Sud-Est - SE - (Lyon),
- Crédit Mutuel Loire Atlantique et Centre Ouest - LACO - (Nantes),
- Crédit Mutuel Normandie - N - (Caen),
- Crédit Mutuel Méditerranéen - M - (Marseille),
- Crédit Mutuel Dauphiné Vivarais - DV - (Valence),
- Crédit Mutuel du Centre (Orléans); and
- Crédit Mutuel Anjou - CMA - (Angers)

Each Federation has retained its autonomy and rights in its territory.



Mutual support system within the Crédit Mutuel and CM11 groups

Crédit Mutuel's mutual support system is designed to constantly ensure the liquidity and solvency of all the entities affiliated to Confédération Nationale du Crédit Mutuel so as to avoid the collapse of any of its members (Article L511-31 of the French Monetary and Financial Code). This system is based on a set of rules and mechanisms put in place at the regional and national levels.

System at the regional group level

The mutual support system in place within the CM11 group is a federal support mechanism pursuant to Article R.515-1 of the French Monetary and Financial Code and is independent of the statutory provisions relating to the joint liability of member-shareholders within the limit of the nominal value of the shares they hold.

The above-mentioned article provides that the ACPR may, with respect to mutual and cooperative groups, issue a collective license to a local bank for itself and all its affiliated local banks "when the liquidity and solvency of the local banks are guaranteed through this affiliation". Each of the regional central bodies has received a collective license for itself and all of its member local banks. The ACPR has deemed that the liquidity and solvency of the local banks is guaranteed through this affiliation.

All the local banks and Caisse Fédérale de Crédit Mutuel contribute to a mutual guarantee fund (*Fonds de Solidarité*). Their contributions are calculated based on total assets and net banking income. The annual contributions are calculated such that the amount, added to reimbursed subsidies, covers the needs of loss-making local banks. The results of the mutual guarantee fund are therefore in principle balanced. Loss-making local banks and those whose income is not sufficient to remunerate member shares receive an annual subsidy to enable them to pay the said remuneration.

These subsidies are repayable up on a "return to financial health". In such cases, the local bank repays all or part of the subsidies received previously, up to a limit so as to ensure that it is in a position to distribute dividends on class B member shares.

System at the national level

Confédération Nationale du Crédit Mutuel is responsible in particular for ensuring the solidity of its network and proper operations of its affiliated banks. To this end, it must take all necessary measures, in particular to ensure the liquidity and solvency of each of its affiliated banks and that of the network as a whole (Article L. 511-31 of the French Monetary and Financial Code).

The Board of Directors of Confédération Nationale du Crédit Mutuel may decide any necessary measures if the systems in place at the level of the regional groups prove inadequate to deal with the difficulties encountered by a group.

Corporate social responsibility

The Group's fundamental cooperative values – mutual support, solidarity and responsibility – are of particular significance in a society shaken by economic uncertainties. Its strong regional presence and close ties with the different players enables it to meet the expectations of its customers and 4.4 million member-shareholders.

The sustainable development approach has ensured greater and shared awareness: it corresponds to the Group's fundamental values which emphasize the long-term and responsible nature of its banking activity. These values have never seemed so necessary or so modern. They continue to guide our day-to-day operations and our goals.

For the past nearly five years, we have published a weekly CSR newsletter to inform and train the various contributors. This newsletter includes a general news and market watch and highlights good practices at any of the Group's entities, thereby enabling us to develop an active learning environment that was extended to all Group employees in the autumn of 2013.

This report contains:

- A partial illustration of the diversity of actions taken and commitments made by the CM11-CIC group and its subsidiaries, which are presented in greater detail in the annual CSR report.
- Tables providing data that consolidates the non-financial quantifiable indicators used by the Group.
- A description of the methodology used to describe the system used to consolidate the quantitative and qualitative data collected from the Group's entities, thereby enabling the Group to comply with its obligations under Article L.225 of the Grenelle 2 Law and more clearly define its goals in this area.

VII.1.2 - Sustainable development strategy: access to banking service for all

Led by several regionally and nationally elected representatives of its member-shareholders, CM11-CIC first began to examine the issues of sustainable development and corporate responsibility many years ago. A formal policy was drawn up more than eight years ago which, through the various commitments made and actions taken by group entities, has enabled the Group to gradually build and add to a reporting base that complies with the Grenelle 2 requirements. The cooperative reports and other reports on mutualist activities that already exist make it easier for the Group to comply with the new reporting requirements. The active involvement of all within the Group, from local banks to subsidiaries, has over the years enabled it to build up group expertise, develop reliable data collection and indicators and set improvement targets.

CM11-CIC's corporate and social responsibility approach is influenced to a large extent by its organization as a cooperative group. Their dual capacities as customers and member-shareholders enable the Group's users/co-owners to contribute to its management and strategic choices. Its cooperative, decentralized organization close to its users enables it to offer them a range of tailored products and services accessible to all. The local banks are the key element in this close relationship with member-shareholders/customers, who are more than just consumers.

Each year, nearly 1,400 general shareholders' meetings are held, enabling the Group's 4.4 million member-shareholders/customers to elect their representative on a "one man one vote" basis, resulting in the election of nearly 16,400 directors, of whom 4,700 are women. The number of member-shareholders who attend the general shareholders' meetings of the federations or are represented at them has remained virtually unchanged over the past five years at around 206,000, i.e. an average of 5% of total member-shareholders. Initiatives have been taken to increase member-shareholders' involvement in the Group's democratic governance, but their effective involvement depends greatly on each local bank's local environment (rural area, city, history in the area, community momentum, means of promoting involvement, etc.).

In a strained and increasingly competitive environment, Crédit Mutuel has strengthened its fundamentals, thanks in particular to the quality of the local services provided to its member-shareholders. While continuing to expand its customer bases to the advantage of the regional economies, the Group is frequently ranked among the safest French banks, as illustrated by its ranking by Global Finance in 2012.

In particular, its strong local roots, clear focus on retail banking, prudent cooperative management and financial strength has enabled it to increase its lending to medium, small and very small businesses.

Loyal to its cooperative origins, the Group contributes actively to ensuring access to banking services for the entire French population.

By strengthening its network of bank branches over the years, the Group has built up a strong and diversified presence in every region in France. A genuine driver of social and economic cohesion, the Group distributes its products and services through nearly 4,500 branches in France and abroad.

The Group's strong presence on the outskirts of cities reflects its policy of leaving no population group behind. In 2013, more than 15% of the Group's operations were located in priority rural employment zones (ZAUER) and more than 45% of urban free-trade zones (*zones franches*) were served by the Group, showing its constant determination to provide quality service to its member-shareholders/customers throughout France.

The Group plays a key role in local networks and is an active partner to almost 60% of all works councils and to a third of all associations (it counts more than 313,000 associations among its customers), particularly in the areas of social and humanitarian aid.

Corporate social responsibility also includes ensuring integrity and honesty at every level of the organization. Since April 2006, several Group entities have implemented a code of ethics and conduct that is notable in the fact that it sets the rules of good conduct for all levels, from employees to elected directors, according to their level of responsibility. It is based on the general principles of best serving member-shareholder/customer interests and strict compliance with confidentiality rules. Employees who hold "sensitive positions" are subject to even stricter rules governing and limiting their personal transactions. This code is published and available on the Group's websites. The foreword to the code stresses the Group's commitment to:

- encouraging member-shareholder' involvement in the activities and governance of their local bank;
- building strong and lasting relations with member-shareholder and customers based on reciprocal trust, transparency and compliance with mutual commitments;
- listening to, advising and helping member-shareholder and customers with their projects and their difficulties;
- offering high-quality products and services to member-shareholder and customers;
- contributing to local development and employment by encouraging people to save and channeling deposits into the local and regional economy; and
- helping improve the living environment, resolving social problems and promoting sustainable development.

Committed to transparency and clarity in its relations with member-shareholder and customers, the Group reaffirms its determination to make information and practical advice available and accessible to all, thereby fulfilling the undertakings given to consumer associations through the Consultative Committee on the Financial Sector (*Comité Consultatif du Secteur Financier – CCSF*) of which it is a statutory member. Easy-to-understand guides (*Guides Clarté*) and fee schedules for transactions and services are published at regular intervals for each customer category (individuals, businesses, companies, farmers and associations).

The Group has joined the "Territorial" portal to provide information (regulatory, legal, news, etc.) relating to the not-for-profit sector and continues to develop its own web library for not-for-profit associations "*associathèque*'.

VII.1.3 - Social commitments

Despite a difficult economic and social environment, deposit-taking has increased significantly, underlining the trust in local banks and enabling them to develop their lending activities.

The Group can therefore provide its retail and business customers with simple and accessible financing solutions (equipment loans, home loans, business creation loans, etc.) that meet their needs.

Against a background of slowing economic activity in France, investment and operating loans granted by the Group increased by 2.80% compared to 2012, with total outstanding loans of €53.2 billion (regulatory CM11 scope +CIC network), thereby helping to finance the regional economies. Crédit Mutuel thus actively sustains the local economies and employment.

Specific procedures have been developed with two guarantee funds—Oséo/BPI France and France Active Garantie—to facilitate access to financing and bank loans for very small businesses.

In addition to its "traditional" lending offer, the Group granted a total of €216 million in micro-loans and assisted loans through the ADIE and France Active networks under the NACRE and France Initiative Réseau schemes. CM11-CIC promotes business development and job creation:

- directly through the associations and foundations created by the regional federations – in particular under the Créavenir label – to provide financing (honor loans, repayable advances, grants or guarantees) and human resources to help entrepreneurs startup new ventures or take over existing businesses. Financing criteria vary according to the regional organizations, but local roots and strong responsiveness remain the common denominators;
- through partnerships with support networks: France Initiative, BGE (formerly Réseau boutiques de gestion), France Active and ADIE. These networks seek to create and consolidate employment, in priority for those excluded from the labor market (job seekers, minimum welfare benefit recipients, disabled persons, etc.) and work together according to the amount of the loans, the size of the project and the business creators financial capacity;
- by facilitating access to financing and providing technical and financial support.

In addition, the Facil'Accès program set up in 2009 gives people banned from issuing checks access to banking through payment and cash withdrawal cards with systematic authorization. Partnerships with guardianship organizations have also improved access to banking services for adult wards.

Supporting members and customers and encouraging mutual aid

In keeping with its cooperative and mutualist commitments, the Group provides solutions to assist the economic and social integration of people in difficulty. Thanks in particular to their directors who work on a volunteer basis, the local banks know how to find the right solutions and extend a "helping hand" to member-shareholders and customers through customized solutions and tailored financing. Strongly involved in the distribution of subsidized loans, the Group has set up partnerships whenever it seemed preferable to work through experienced and competent associations.

The Group's volunteer directors and employees work hand-in-hand to coordinate the internal solidarity structures: economic and social aid committees, solidarity commissions, and solidarity credit unions. They work with associations and social welfare bodies to accompany persons in difficulty. Particular attention is paid to instances where people have experienced a sudden or accidental change in their personal or professional situation: illness, redundancy, and other adverse life events. To address the difficulties experienced by people with serious health problems, the local banks have put in place the "Aeras" agreement to facilitate access to insurance and credit. In addition, several federations have published "solidarity guides" to help directors and account managers provide concrete and suitable answers to the specific needs of member-shareholders who are in difficulty.

Some regional groups have been involved in original initiatives for several years: in 2004, in partnership with the Secours Catholique social aid organization, the Group became the first bank to grant personal microcredit. Microcredit has since become part of a State scheme, managed by the Fonds de Cohésion Sociale (FCS) social aid fund. The Group assumes 50% of the risk on these loans, the rest being borne by FCS through an agreement with Caisse des Dépôts et Consignations. Similar agreements have been signed with other partners, in particular Familles Rurales, to extend access to subsidized microcredit to rural areas.

Within Federation Centre Est Europe, assistance to member-shareholders in difficulty is primarily provided directly by the local banks. Thanks to their in-depth knowledge of their member-shareholders and with the help of the volunteer directors, they respond by arranging local loans (for small amounts) to help them overcome temporary difficulties: temporary layoffs, acquiring a means of transport to allow them to take a job in a neighboring village, etc. In this context, the local banks have lent more than €35 million to respond to 22,000 urgent requests from members and help them out of their difficulties.

Alongside its long-standing commitment to economic and social integration, the Group is deeply involved in combatting illiteracy and promoting reading, and more generally, in promoting culture, music and national heritage.

A socially responsible investment offer based on non-financial criteria

"*Socially Responsible Investment is an investment which aims to reconcile economic performance with social and environmental impact, by funding companies and public institutions across all sectors whose business is geared towards sustainable development. By touching on issues of governance and corporate behavior, SRI acts as a driver for a sustainable economy.*" The Group adheres fully to this definition, proposed in 2013 by AFG (*Association Française de la Gestion financière*) and the French SIF (*FIR - Forum pour l'Investissement Responsable*). This clear, concise and understandable definition will promote greater transparency for SRI funds open to the public and will undoubtedly pave the way for a French SRI label.

For its part, CM-CIC AM, which has been a member of the French SIF since 2004, and is also a member of Euro SIF, of ICGN (International Corporate Governance Network) and of the CDM (Carbon Disclosure Project) water program, has adhered to the AFG-FIR transparency charter since the beginning and adhered to the UN Principles for Responsible Investment (PRI) in 2012.

The businesses included in the SRI portfolio managed by CM-CIC Asset Management are selected according to strict criteria and represent investments of nearly €5.7 billion managed in several Novethic-certified funds.

Fair practices

Social and environmental responsibility can be defined as respecting stakeholders' expectations in areas other than solely financial objectives. In this respect, many of the Group's decision-making structures now integrate CSR aspects into their practice. Several regional groups have set up special CSR committees composed of federal directors. The main missions of these committees concern group-wide CSR reporting and action plans related to environmental aspects and business practices.

As well as the various codes and charters implemented by Group companies, an effective system for combatting money laundering (AML) and terrorist financing has been put in place. It is based on AML correspondents in each entity in France and abroad. Periodic, permanent and compliance controls are implemented to ensure the risks are covered and ensure the consistency of the procedures implemented.

Lastly, the Group does not have any operations in so-called "non-cooperative" countries and territories, the list of which is published regularly by the French government. Transactions that might be carried out by customers with countries on the FATF blacklist are subject to reinforced vigilance.

The Group has introduced stronger security measures for customer transactions via the Internet. The Group's IT subsidiary, Euro Information (E-I), has dedicated teams whose task is to constantly update software and security patches and perform a market watch for remote banking delinquency. Security levels are audited regularly by independent auditors. E-I has also developed a special module known as Barre de confiance CM which is installed in Firefox, Chrome and Internet Explorer to secure browsing: as soon as it detects a phishing site, the module blocks the page and suggest that the customer leave the site immediately. Lastly, a special email address phishing@creditmutuel.fr enables anyone who believes they have identified a fraudulent site to contact Euro Information and systematically receive a reply.

VII.1.4 - An ambitious human resources policy guided by mutualist values

Essential to all its economic activities, the men and women that form the CM11-CIC Group are of prime importance. The Group's 58,320 employees benefit from favorable wage agreements in terms of working conditions, particularly social protection, paid leave and training.

Efficient training policies, good human relations and the application of mutualist values result in responsible business practices and offerings.

The Group's overall labor policy is guided by its mutualist and cooperative values. This is reflected in a remuneration system that is not commission-based, topped up by incentive and profit-sharing schemes that are favorable to employees.

Jobs, diversity, training policy and career advancement

Sustainable human resources management consists not only in respecting diversity and developing skills; it also means encouraging independence and career progression. Numerous initiatives have already been undertaken in this respect: professional training to develop skills and favor advancement, diversity in recruitment and increased focus on gender balance.

Other measures still need to be developed and improved such as managing age issues and integrating disabled workers.

Career advancement at the different levels of responsibility within the regional groups is favored through constant and significant investment in training (71% of employees received training in 2013, representing an average of one week of training per employee) and time off for self-training, in particular via the Athena intranet training application. It is also based on good labor relations and a decentralized organization that encourages independence and group recognition. This policy adds to staff mobility, enabling employees to move from support functions to more commercial coordination and management functions. The Group's priorities are to support employment, build staff skills and loyalty (84% of employees have permanent work contracts), diversify recruitment and promote equal opportunity. Employment is not an adjustment variable, it is a strategic objective. Some regional groups, such as CMN, have signed diversity or gender equality charters that are implemented for recruitment and promotion. In 2013, several agreements were signed to combat intergenerational discrimination (against both young and old). CM11-CIC has undertaken to keep older employees in their jobs and to ensure that proportion of older employees relative to the total workforce remains in line with 2012 levels over the course of the plans' three-year duration. This global drive in favor of professional equality has resulted in an increase in the number of women in executive and management positions (the percentage of women in management positions has increased from 26% in 2007 to 32% in 2013). Two gender equality agreements were signed in 2013.

Careful attention to working conditions :

The Group's human resources policy places great importance on developing action plans for prevention and monitoring with regard to employee health and safety issues. For many of the Group's entities, 2013 featured:

- implementation of an action plan to prevent stress at work. The issues dealt with concerned workstation ergonomics, the intranet, use of the messaging service, the manager's role and training and training and assistance for employees;
- adoption of charters relating to the prevention of harassment and violence, which were signed and included in the internal rules of the companies concerned (CIC, etc.); and
- distribution of leaflets entitled "Preventing any type of harassment and violence in the workplace" to employees.

Labor relations

Labor relations within the Group are based on complementary bargaining levels at regional and national levels. The national agreement provided a common base applied by all the regional federations. Following these national agreements, discussion may begin to take into account factors specific to the regions concerned. The Group has regular discussions with the unions and staff representatives.

Following on from the previous agreement signed in June 2012, the Group updated in September 2013 the agreement relating to union rights and labor relations with all six unions involved and an agreement relating to minimum standard wages was signed.

Moreover, the sector joint bodies that oversee and monitor training and employment (CPNE - national joint commission for employment, Observatoire des Métiers - employment and professional training research body) are also involved in analyzing business trends. In June 2013 the Group's employment and professional training research body analyzed the changes in customer relationships arising from changed customer expectations and new technology and their impact on the organization and development of the jobs concerned. It also carried out a survey of the way new recruits are welcomed to the Group. Lastly, the discussions held at the end of 2013 resulted in wage agreements that rank among the most beneficial to employees within the banking sector.

Promoting and complying with ILO conventions

Given its activities and the location of its sites, the Group does not believe that issues related to the elimination of forced or compulsory labor or child labor apply to it directly. It is nonetheless aware of the commitments given in the context of the Global Compact and prohibits the use of forced labor or child labor as defined in the ILO convention.

Social responsibility has also been factored into the Group's procurement policy, which is mainly based on group procurement centers such as Euro Information, SOFEDIS and CM-CIC Services. This last is responsible for logistics and takes social responsibility aspects into account in its calls for tender for general resources suppliers, particularly with regard to undeclared labor, and requests information on their CSR approach at each account review (at least annually but usually half-yearly).

VII.1.5 - Environmental issues

The Group seeks better management of resources, energy savings and reduced environmental impact. Given its activity as a service provider, the Group's environmental impact is limited. Nevertheless, areas have been identified for improvement and quantified objectives have been set that take into account the specific nature of its activities (reducing paper consumption, more efficient travel planning, reducing energy consumption: lighting, heating, putting computers in sleep mode, etc.). A self-training module on social and environmental responsibility is being put together and will be rolled out for all staff early in 2014.

As part of the Group's plan to identify ways to reduce greenhouse gas emissions (BEGES), which was implemented in 2012 at all the entities legally required to do so, it has been possible to define common objectives and objectives adapted to each entity according to its geographic locations, buildings used, etc. and to jointly decide on the measures to be taken to improve energy efficiency and heat and sound insulation.

Several initiatives have been taken in terms of travel planning, with carpooling sites (intra and extranet) set up at CM Loire Atlantique and CMCEE or co-financed, such as that of Parc de la Haute Borne co-financed by Cofidis. Other initiatives were taken to heighten staff awareness of environmental issues and jointly seek solutions. Generally speaking, with a view to reducing travel, employees have several means at their disposal for organizing and attending meetings: conference call via Office Communicator or Live meeting, with a Roundtable option, videoconference, etc. Car fleets have been reviewed applying increasingly restrictive criteria (lower capacity engines and hybrid or electric vehicles). Lastly, the Group is the biggest user of La Poste's "green" stamp service (i.e., a service that does not involve the use airmail or night work), with a penetration rate of 80%.

For a number of years, the Group has been behind numerous environmental initiatives at local and regional levels. It has developed specific products and, in addition to interest-free "green" loans, it offers loans for long-term energy savings (€45.6 million in outstanding loans) and Scrivener energy savings loans (€50 million outstanding). The Group is actively involved in encouraging the development of new types of housing known as "participative housing" which could provide a third way between an individual house and collective housing. It also works to develop renewable energies and has financed several investments in methane production and wind energy plants.

A policy has been adopted in corporate banking with a view to improving control of social and environmental risks. All new project financing in excess of €10 million will be subjected to a more in-depth review by the division concerned and an annual report. The Group plans to adapt this approach to the other business lines.

Although it has no particular vulnerability to the hazards of climate change, the Group has begun to develop strong expertise in reducing energy consumption. It is aware of the issues and followed the national debate on energy transition that ended in July 2013. It will follow the parliamentary debate in 2014 with great interest. CM-CIC Services Immobilier (which manages a large part of the group's real-estate portfolio)has already begun work to prepare for application of Law No. 2013-619 of July 16, 2013, which introduces various provisions for adapting to EU sustainable legislation (DDADUE), including the obligations for large companies to perform a first energy audit before 5 December 2015.

Finally, the Group is involved in many corporate citizenship projects to promote sustainable development, notably to help with the emancipation of populations in emerging countries. For more than 30 years, Centre International du Crédit Mutuel (CICM) has helped populations in emerging countries take charge of their economic and social development by creating autonomous savings and credit cooperative societies, whose management is transferred gradually to the members.

Against a difficult political backdrop throughout Africa, CICM in 2013 reaffirmed its goals: to continue the commitments made, improve risk cover for all the subsidized banks in Africa and South-East Asia and work to give the banking networks independence. The SIBANQUE software implemented by CICM to help the networks develop in a professional manner was updated in November 2013. It will facilitate management of wage domiciliation, management of loan collateral and transactions throughout the network. CICM is equally capable of meeting the needs of a mature network already and the payment card stage with the BISO card (MUCODEC, Congo) and those of a younger network (CMBF, Burkina Faso). This provides an excellent illustration of the technical synergies between the development of CICM's partner networks and an efficient management tool (transactions, loans, cash, data centralization, etc.).

To respond to an emergency situation and to help rebuild Haiti, the Group put together the "Together, let's rebuild Haiti" operation, with the dual objectives of financing the operation, reconstruction and development of the French Hospital in Port-au-Prince and the building of a residential quarter at Lafiteau.

Overall, with these actions the Group seeks to promote the cooperative model, whose way of operating is a model of democracy that encourages autonomy, responsibility and solidarity.

VII.2 - Methodology - Indicators

The Group sees corporate social responsibility as a means of strengthening its identity and highlighting its cooperative status. Aware of the challenges facing society, the Group took early action to produce CSR indicators to enable it to identify the behavior and contribution to society of Group entities and report on them.

The measurement and reporting methodology developed in 2006 has been extended gradually to all Group banking and insurance entities. It is regularly updated and added to by a CSR working group set up at the national level, which brings together all the regional federations and the Group's main subsidiaries.

In CSR matters, CM11-CIC follows the recommendations issued by the Confederation, which publishes a CSR report.

This working group meets at least six times each year, enabling group entities to exchange information about internal initiatives and good practices for implementing corporate social responsibility at company level. Exchanges with stakeholders and other cooperative banks have also enabled them to share knowledge about governance indicators and define a common set of indicators.

This methodology is the result of a collective effort and defines the rules for collecting, calculating and consolidating indicators, including the scope of application and the controls to be performed. It is intended more particularly for the national coordinators involved in collecting and reporting data at the Crédit Mutuel regional federations and the main subsidiaries and can involve contributions from experts. The methodology defines the audit trail for both internal and external verifications.

This methodology constitutes a common framework for collecting information within the group on an annual basis. The data collected comprises close to 400 regularly reviewed items that enable the Group to put together the 42 indicators required under Article 225 of the Grenelle 2 law, as well as numerous additional indicators relating to the Group's cooperative activities and democratic governance.

The information published reflects the Group's commitment to improving knowledge and transparency. Qualitative indicators provide a view of all or part of the actions carried out or undertakings given by all or part of the Group and testify to its constant commitment to corporate social responsibility. The quantitative indicators enable measurement of the changes that have taken place. In 2012, many of the indicators were audited and their reliability checked by the independent auditors so as to certify their existence and compliance with the requirements under Article 225 of the Grenelle 2 law.

Data collection is announced in the autumn so as to mobilize all the departments concerned and organize reporting and consistency checks. Data collection is broken down into a collection of quantitative and qualitative data. It may be necessary to adjust certain prior year data after checking the scope, the collection method and basis for calculation (e.g. Insee map for qualifying operations in rural areas, etc.). Generally speaking, in the case of partnerships (such as in microcredit) and service providers, preference is given to the data collected directly by the partner in question.

Scope and definitions

For CSR reporting purposes, the parent company is defined as Caisse Fédérale, the 11 partner federations and all the Crédit Mutuel local banks affiliated to the Caisse Fédérale, which holds the collective license on their behalf. The scope of this report covers that parent company and all the entities it controls within the meaning of Articles L. 233-3 and L. 233-16 of the French Commercial Code.

In this report, "CM11-CIC Group" designates the member federations and local banks and the BFCM group. The term "Group" refers to the Crédit Mutuel Group unless otherwise specified.

Employee data:

The workforce data relates to the salaried employees on the payroll at December 31, excluding trainees, temporary workers and external service providers. The absenteeism data includes all the following absences of employees with permanent contracts, fixed-term contracts and student contracts: indemnified sick leave, non-indemnified sick leave, sick leave without a medical certificate, work and travel to work accidents, special leave, leave to care for a sick child, prolonged unpaid leave (more than one month), sabbatical leave, parental leave and work inability leave. It does not include paid leave or days off under collective agreements (compensatory time, seniority, marriage, etc.) or maternity or paternity leave. Lastly, the percentage of payroll spent on training does not include Fongecif subsidies or student training.

Social data:

The data relating to microcredit consists of the data provided by the Group's main partners, i.e. Adie and France Active, which is broken down by federation, and the data provided by Initiative France, which consists of the global figures for Crédit Mutuel and CIC (to which the national progression factor can be applied at regional level).

In October 2012, DATAR published a new classification of rural areas in France based on work carried out by INSEE in 2011. This classification has resulted in significant changes in our assessment of our presence in rural areas. We consider any branch in a municipality with fewer than 5,000 inhabitants to be in a rural area.

Environmental data:

As energy and water consumption data is not available for all the CM11-CIC Group branches, CM-CIC Services has developed a calculation system for estimating these figures when necessary.

The reported data for Cofidis and CMA and for part of branches in the CM11-CIC network is based on energy bills. Estimates are made for consumption of the CIC branches, but consistency checks are performed between the reported data and the amount billed in respect of energy consumption and the branches are requested to provide explanations.

For the rest of the scope, representing more than one-third of the total reported data, consumption is based on estimates. The missing data not inputted by the contributors has been estimated based on the following:

- When data has been entered for some months, it is extrapolated over the missing months based on the average for the months for which data was entered;
- When no data has been entered but the surface area is known, consumption is calculated based on the surface area of the buildings applying the group average (energy consumption per square meter);
- Lastly, if the surface area is not known, a surface area is attributed based on the type of building and the national rate per m² is applied.

Given the nature of the Group's activities, its impact in terms of noise, ground pollution and other forms of pollution at its operating sites is not significant. The Group does not have any significant impact on biodiversity. However, these aspects have been reintegrated into its overall CSR approach, which is not included in this report. Credit Mutuel has not recorded any provisions in its accounts in respect of environmental risk.

Reporting scope of consolidation

All in all, the scope of reporting covers all the group's banking, insurance and telephone activities, i.e. 90% of CM11-CIC's total workforce. The press activity has been excluded from the scope this year given its particular characteristics. Appropriate indicators will be developed in the near future to enable it to be included gradually in future reports.

For details regarding the composition of the sub-groups, please refer to the reports published by the reporting entities.

Area	Measurement indicator	Coverage ratio	Exclusions from scope
Governance	Number of members	100%	No exclusion: all core cooperative activities are covered.
Corporate Social and Environmental responsibility	Number of employees (average full-time equivalents)	90%	Total group France (excluding press activity. 98% of total banking/insurance activities.

The data of some subsidiaries (namely CIC, Lyonnaise de banques, Cofidis, CMA and Targo) was reviewed as part of the verification of non-financial data reported by the Crédit Mutuel group. The CSR information reported by the entities concerned by Article 225 of the Grenelle 2 law (CIC, Lyonnaise de banques and Cofidis) has been audited based on analytical reviews, substantiation tests on a sampling basis and a consistency review based on interviews, and a report testifying to the existence of the information and expressing an opinion on its sincerity was issued by the auditors designated as an "Independent Third Party".

CSR governance and reporting

The measurement and reporting methodology developed in 2006 has been extended gradually to all Group banking and insurance entities. It is regularly updated and added to by a CSR working group set up at the national level, which brings together all the regional federations and the Group's main subsidiaries.

The CSR mission is attached to the Institutional Relations Department of the General Management of Crédit Mutuel's national confederation. The twenty or so CSR correspondents within the federations and main subsidiaries meet regularly to define reporting methods and procedures and propose targets. Within the regional entities and the subsidiaries, several employees may be involved in CSR both with regard to general strategy and reporting. Several federations have set up networks of CSR coordinators at the level of the local banks. With regard to CM11-CIC, at the level of Crédit Mutuel Loire Atlantique et Centre Ouest (LACO), an Agenda 21 commission has been in place for the past five years and takes action in the field.

This working group meets at least six times each year, enabling Group entities to exchange information about internal initiatives and good practices for implementing corporate social responsibility at the company level. Exchanges with stakeholders and other cooperative banks have also enabled them to share knowledge about governance indicators and define a common set of indicators.

This methodology is the result of a collective effort and defines the rules for collecting, calculating and consolidating indicators, including the scope of application and the controls to be performed. It is intended more particularly for the national coordinators involved in collecting and reporting data at the Crédit Mutuel regional federations and the main subsidiaries and can involve contributions from experts. The methodology defines the audit trail for both internal and external verifications.

This methodology constitutes a common framework for collecting information within the group on an annual basis. The data collected comprises more than 300 regularly reviewed items that enable the Group to put together the many indicators required under Article 225 of the Grenelle 2 law as well as numerous additional indicators relating to the Group's cooperative activities and democratic governance.

The published information reflects the Group's commitment to improving knowledge and transparency. Qualitative indicators provide a view of all or part of the actions carried out or undertakings given by all or part of the Group and testify to its constant commitment to corporate social responsibility. The quantitative indicators enable measurement of the changes that have taken place. In 2012, many of the indicators were audited and their reliability checked by the independent auditors so as to certify their existence and compliance with the requirements under Article 225 of the Grenelle 2 law.

Data collection is announced in the autumn so as to mobilize all the departments concerned and organize reporting and consistency checks. Data collection is broken down into collection of quantitative and qualitative data. It may be necessary to adjust certain prior year data after checking the scope, the collection method and basis for calculation (e.g. Insee map for qualifying operations in rural areas, etc.). Generally speaking, in the case of partnerships and services providers, preference is given to the data collected directly by the partner in question.

The CSR indicators selected by the Group are based on the various existing reporting standards and guidelines, notably:

- The definitions of the indicators given in the environmental, labor relations, social and governance reporting files,
- the Global Reporting Initiative (version 3);
- Article 225 of the Grenelle 2 law;
- greenhouse gas assessments (Decree 2011-829 of July 11, 2011);
- the principles of the International Co-operative Alliance (ICA);
- The CoopFR Cooperative Identity Charter adopted in 2010,
- International Labor Organization (ILO) Recommendation No. 193 on the promotion of cooperatives,
- OECD guidelines,
- the Global Compact (member since April 2003);
- the transparency code of the Association Française de Gestion Financière - Forum pour l'Investissement Responsable (AFG-FIR - French Asset Management Association - Forum for Responsible Investment);
- the label of the Comité Intersyndical de l'Epargne Salariale (CIES - Inter-Union Committee on Employee Savings Plans);
- regular exchanges with stakeholders (shareholders' meetings, NGOs, non-financial rating agencies, etc.);
- Collective guidelines for CSR practices drawn up by the European association of cooperative banks (EACB..) and other cooperative sectors and the commitments given by the Group at the national and/or federal level:
- the principles of the International Co-operative Alliance (ICA);
- Principles for Responsible Investment (PRI),
- Transparency international France,
- The World Forum's Responsible Company Manifesto,
- The Novethic socially responsible investment label
- The Finansol solidarity products label.

Subject to the provisions of the third paragraph of Article R. 225-105, the Board of Directors or Executive Board of the company meeting the conditions set out in the first paragraph of Article R. 225-104 shall disclose, pursuant to the provisions of the fifth paragraph of Article L. 225-102-1, the following information in its report:	Crédit Mutuel Indicators contained in this CSR report
1° Labor Information:	And §3 in this CSR report
a) Employment:	
- Total headcount and breakdown by gender, age and geographic area;	SO 1
- Recruitments and dismissals;	SO 02 ; 03
- **Compensation and its evolution**	SO 13 ; 14
b) Organization of work:	
- Organization of working hours;	SO 04
c) Labor relations:	
- Organization of relations with employees, in particular staff information and consultation procedures and procedures for negotiating with employee representatives;	SO 11
- Assessment of collective bargaining agreements;	And §3 in this CSR report
d) Health and safety:	
- Health and safety conditions at work;	SO 05
- Assessment of agreements with unions and staff representatives regarding health and safety at work;	
e) Training:	
- Training policies implemented;	SO 07
- Total hours of training;	SO 08
f) Equal treatment:	
- Measures to promote gender equality;	SO 09 ; 10
- Measures to promote the employment and integration of disabled people;	And §3 in this CSR report
- Anti-discrimination policy;	

2° Environmental information:	And §4 in this CSR report
a) General policy on environmental issues:	
- Organization adopted by the company so as to take into account environmental issues and, where necessary, environmental assessments or certification procedures implemented by the company;	ENV 07 ; 08
- Employee training and information on environmental protection;	And §4 in this CSR report
b) Pollution and waste management:	
Measures for preventing, reducing or repairing discharges into the air, water or soil with a serious impact on the environment;	ENV 05
- Measures for preventing, recycling or eliminating waste;	ENV 06
c) Sustainable use of resources:	
Water consumption and supply by reference to local constraints;	ENV 01
- Consumption of raw materials and measures taken to improve their efficient use;	ENV 02 ; 03
- Consumption of energy, measures taken to improve energy efficiency and use of renewable energy;	ENV 04
d) Climate change:	
Greenhouse gas emissions;	ENV 05
e) Protection of biodiversity:	
Measures taken to preserve or develop biodiversity;	NA

3° Information on social commitments in favor of sustainable development:	And §2 + §1 in this CSR report
a) Territorial, economic and social impact of the company's activity:	
In terms of employment and regional development; On local and neighboring populations*;	SOT 01 to SOT 09 SOT 11 to SOT 15
b) Group relations with persons or organizations with interests in the companies' activities, notably associations working on social inclusion, educational institutions, environmental and consumer associations, and local residents:	
Conditions of dialogue with these persons or organizations; Partnership and patronage;	§2 in this CSR report SO 10
c) Subcontracting and suppliers:	
Inclusion of social and environmental issues in procurement policy.	NA

(*) See §1 in this CSR report

II. Subject to the provisions of the third paragraph of Article R. 225-105 and in addition to the information stipulated in point I, the Board of Directors or Executive Board of the company whose securities are admitted for trading on a regulated market shall disclose the following information in its report:	**Crédit Mutuel Indicators contained in this CSR report**
1° Labor information:	And §3 in this CSR report
b) Organization of work:	
- Absenteeism;	SO 05
d) Health and safety:	
- Frequency and severity of accidents at work and occupational illnesses;	SO 06
g) Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization on:	
- Freedom of association and the right to collective bargaining; - The elimination of discrimination in respect of employment and occupation; - The elimination of forced or compulsory labor; - The effective abolition of child labor ;	SO 11 And comments in §3 in this CSR report
3° Information on social commitments in favor of sustainable development:	
c) Subcontracting and suppliers:	
- the extent to which subcontracting is used and the importance given to the social and environmental responsibility of suppliers and subcontractors;	See §2 in this CSR report
d) Fair business practices:	
- Measures taken to prevent corruption;	
- Measures taken in favor of consumer health and safety;	
e) Other measures, that come under this section 3, taken to promote human rights.	

VII.3 - CSR report – 2013

Some data are not available because being not the object of a collection and/or were not available in 2012 under a sufficiently coherent format to be mentioned in the reporting

GOVERNANCE *(the data provided applies only to the regulatory scope*)*	**2013**	**2012**
Number of local banks	1,382	1,360
Number of elected representatives – Local banks	16,410	16,298
Number of elected representatives in the Board of Directors	10,888	NA
o/w women	*3,322*	*NA*
Number of elected representatives - Federation	271	271
Number of directors invited to Board meetings of local banks	10,887	10,702
Number of directors in attendance at Board meetings of local banks	8,475	9,076
Representation		
Number of newly elected representatives - Local banks	1,303	1,362
o/w women	*526*	*617*
Number of newly elected Chairmen - Local banks	134	NA
o/w women	*32*	*NA*
% of women among newly elected representatives – Local banks	40%	NA
% of women among newly elected Chairmen – Local banks	24%	NA
Number of newly elected representatives - Federations	128	11
o/w women	*8*	*2*
Number of newly elected Chairmen - Federations	13	NA
o/w women	*0*	*NA*
Training		
Number of directors or corporate officers who have attended at least one training course during the year	6,890	5,402
Total hours of training	68,658	78,583
Share-owning members-Customers		
Number of customers of local banks	6,711,052	6,631,804
o/w private individuals	*5,981,500*	*5,925,653*
Number of member-shareholders	4,430,286	4,365,077
% of individual customers who are member-shareholders	79.80%	73.66%
Attendance at General Meetings		
Number of member-shareholders invited	4,365,057	4,290,123
Number of member-shareholders present or represented	205,608	216,324
% participation in voting	4.71%	5.04%

(*) The regulatory scope includes the 11 Crédit Mutuel federations, the Caisses de Crédit Mutuel that are members of their respective federation and Caisse Fédérale de Crédit Mutuel

EMPLOYMENT INFORMATION	2013	2012
Employment		
SO 01-Total number of employees(*)	58,329	55,695
o/w France	*48,920*	*48,035*
o/w non-managerial staff	*34,132*	*33,364*

o/w men	*26,938*	*24,842*
Total number of permanent employees (FTE**)	45,308	NA
o/w non-managerial staff (FTE)	*28,993*	*NA*
SO 02 - Recruitment		
Total number of new hires	9,218	9,028
o/w women	*5,571*	*3,734*
o/w permanent contracts	*2,979*	*3,277*
SO 03 - Dismissals and reasons		
Number of employees under permanent contracts who left the organization	2,977	7,905
o/w dismissals	471	575
Work organization, working hours and absenteeism		
SO 04 - full-time/part-time(*)		
Number of full-time employees	52,403	51,820
Number of part-time employees	5,926	4,682
SO 05 - Absenteeism and its causes		
Number of days of absence	521,027	436,438
due to illness	*415,439*	*422,823*
due to occupational injuries	*13,608*	*13,615*
Number of occupational illnesses	0	2
SO 06 - Health and safety conditions		
Number of reported workplace accidents, with sick leave	84	343
SO 07 - Training and occupational integration		
Amount of payroll spent on training (in euros)	€95,197,477	€95,377,741
% of payroll costs dedicated to training	4.10%	3.74%
SO 08 - Total number of hours dedicated to employee training	1,465,525	1,558,882
Equal opportunity		
SO 09 - Gender equality		
% of managerial staff who are women	30.50%	32.78%
% of women promoted to management positions	33.55%	31.26%
SO 10 - Number of managers promoted to a higher level during the year	1,210	NA
o/w women	*406*	*NA*
SO 11 - Promotion of and compliance with International Labor Organization's Fundamental Conventions		
Number of convictions for impeding the free exercise of employees' rights (in France)	0	NA
SO 12 - Employment and integration of disabled workers		
Number of disabled workers	862	520
% of employees who are disabled	1.48%	1.00%
Labor relations		
SO 13 - Salaries, including changes		
Gross payroll costs (euros)	€2.320 bn	€2.312 bn
Average annual gross salary (in euros) - all levels	€43,664	€41,635
Average annual gross salary (in euros) - non-managerial staff	€29,486	€27,980
Average annual gross salary (in euros) - managerial staff	€58,570	€56,437
Gross payroll costs - permanent contracts, all levels	€2.281 bn	NA
Gross payroll costs - permanent contracts, non-managerial	€0.882 bn	NA

Gross payroll costs - permanent contracts, managerial	€1.071 bn	NA
SO 14 - Social contributions		
Total amount of social contributions paid (euros)	€1.354 bn	€1.346 bn

(: active employees on payroll at December 31, 2013)*

*(** FTE (full-time equivalent)*

*(*** hires: all contracts - permanent, short-term, student, holiday replacement, etc. - gross number of people hired during the year)*

ENVIRONMENTAL INFORMATION	2013	2012
Consumption of resources		
ENV 01 - Water		
Water consumption (m^3)	608,902	549,329
ENV 02 - Energy		
Total energy consumption	463,126,021	431,756,840
ENV 03 - Paper		
Paper consumption (metric tons)	16,657	11,078
Purchasing/suppliers % of recycled paper at time of purchase	1.75%	5.00%
Measures to reduce environmental impact and greenhouse gas emissions		
ENV 04 - Direct fugitive emissions		
Refrigerant gas leakage from the air conditioning systems (water- and air-based commercial air conditioning) in kilos	11,892	NA
ENV 05 - Emissions avoided		
Number of video-conferences	7,194	NA
ENV 06 - Waste		
What measures were taken in 2012 to reduce the consumption of resources, paper, waste, etc.?).	See §4	See §4
ENV 07 - Employees		
Actions taken to inform and train employees about environmental protection	See §4	See §4e
ENV 08 - Human resources dedicated to CSR	11.050	10.435

SOCIAL INFORMATION	2013	2012
Territorial, economic and social impact		
SOT 01 - Territorial impact		
Number of CM11-CIC Group points of sale	4,466	4,581
% of points of sale in rural areas (group total)	21.07%	6.20%
% of urban free trade zones covered by points of sale	21.42%	34.20%
Microcredit		
Intermediated business microcredit		
SOT 02 - ADIE support (French association for the right to economic initiative)		
Number of applications processed	929	467
Amount of lines of credit made available (euros)	€2.4m	€2.4m
SOT 03 - France Active support (French organization that promotes business development)		
Number of microloans financed	1,609	786
Amounts guaranteed (euros)	€37.0m	€12.0m

SOT 04 - France Initiative Réseau support (French organization that finances entrepreneurs)		
Number of bank loans issued	NA	NA
Amount of additional bank loans issued (euros)	NA	NA
Total number of microloans issued in partnership	NA	1,464
Total amount of microloans issued in partnership	NC	€14.8m
SOT 05 - Community-based microcredit (not in partnership**)		
Number of community-based microloans issued locally within the Federation	20,317	21,805
Amount of community-based microloans issued locally within the Federation (euros)	€34.2m	€36.8m
Socially Responsible Investment		
SOT 06 - Outstanding SRI (euros)	**€5.683bn**	**€4.859bn**
SOT 07 - Livret d'Epargne pour les Autres (LEA) (savings account that benefits humanitarian organizations)		
LEA deposits excluding capitalization (euros)	€20.2m	€13.0m
SOT 08 - Socially responsible employee savings plans		
Assets under management (euros) in socially responsible employee savings plans	€112.3m	€88.1m
SO 09 - Associations market		
Number of non-profit organizations that are customers (associations, labor organizations, works councils, etc.)	313,166	302,462
SOT 10 - Patronage and sponsorship		
Budget of the Crédit Mutuel Foundation at the national level or number of budgets allocated	€4.0m	€3.0m
Total budget dedicated to patronage and sponsorship (euros)	€29.9m	€24.3m
SOT 11 - Zero interest rate eco-loans		
Number of zero interest rate eco-loans issued	3,970	NA
Average amount of loans issued	€18,544	€18,023
SOT 12 - Loans for renewable energy and energy efficiency		
Number of projects financed (businesses and farmers)	2,489	NA
SOT 13 - Socially responsible products and services		
Outstanding regulated subsidized loans (PLS - loans for building low-cost housing, PSLA - home rental-ownership loans)	€546.2m	€496.6m
SOT 14 - Mediation		
Percentage of eligible applications	78%	86%
Number of eligible applications mediated	11,777	NA
Number of decision in favor of customers and applied systematically	9,197	NA
SOT 15 - Outstanding customer loans (retail)* **	**€130.041bn**	**€125.988bn**
- of which home loans	*€116.398bn*	*€112.563bn*
- consumer credit	*€9.181bn*	*€9.479bn*
o/w home improvement	*€4.341bn*	*€3.851bn*

** change of calculation method: communes < 5,000 inhabitants (versus< 3,000 in 2012)*
*** CM11 regulatory scope only*
**** CM11 regulatory scope + CIC regional banks & CIC IdF + Banque Tansatlantique*

VII.4 - Independent auditor's report on the consolidated corporate, social and environmental information disclosed in the management report

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

ERNST & YOUNG et Autres
[1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable (Simplified stock company with variable capital)

Statutory Auditors
Member of the Versailles
regional institute of accountants

Caisse Fédérale du Crédit Mutuel

Year ended December 31, 2013

Independent auditor's report on the consolidated corporate, social and environmental information disclosed in the management report

To the Shareholders,

In our capacity as the independent auditors of Caisse Fédérale du Crédit Mutuel designated as an independent third party, for which the accreditation was received from the French accreditation committee (*Comité français d'accréditation* - *COFRAC*), under the number 3-1065, we present our report on the consolidated corporate, social and environmental information in respect of the financial year ended December 31, 2013, presented in Chapter 7 of the Management Report, hereinafter "CSR information", in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

Board of Directors' Responsibility

The Board of Directors is responsible for preparing a management report including the consolidated social, environmental and societal information (CSR information) required under Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines adhered to by the company, comprising the processing of RH reporting and the 2013 data (hereafter "Reference frames") whose synopsis appears with item VII in the management report.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de déontologie) and Article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

It is our role, on the basis of our work: to attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Code de commerce). It is not our responsibility to verify the relevance of this information.

Our assignment was performed by a team of 6 people between December 2013 and March 2014 over a cumulative duration of around 10 weeks. We drew on our CSR experts to assist us in our work

Nature and scope of our work

Our engagement was performed in accordance with the professional standards applicable in France and the provisions of the Decree of May 13, 2013 defining the terms and conditions in which the independent verifier must perform its mission:

- We examined, through interviews with the managers of the departments concerned, the policies with regard to sustainable development, according to the social and environmental impact of the company's activity and its social commitments, and, if appropriate, the actions or programs arising therefrom.

- We compared the Information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code;

- If certain consolidated information was omitted, we verified that explanations were provided in accordance with the provisions of paragraph three of Article R. 225-105-3 of the French Commercial Code.

- We checked that the CSR Information covered the consolidated scope, namely the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies it controls within the meaning of Article L. 233-3 of said code, based on the limits indicated in the methodology note presented in Chapter 7 of the management report.

Based on our work, we attest to the presence of the required CSR information in the management report.

Paris-La Défense, April 14, 2014

Statutory Auditors
ERNST & YOUNG et Autres

Olivier Durand

Eric Mugnier
Expert Développement durable

VIII. LEGAL INFORMATION ABOUT BFCM

VIII.1 - Shareholders

VIII.1.1 - Distribution of BFCM's capital at December 31, 2013

Shareholders	No. of shares held	% ownership[3]
Caisse Fédérale de Crédit Mutuel[1]	24,625,908	92.63%
Local caisses of Crédit Mutuel[2] that are members of their respective federation (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Centre, Dauphiné-Vivarais, Loire-Atlantique Centre-Ouest, Méditerranéen, Normandie, Anjou)	73,317	0.28%
Fédération de Crédit Mutuel Centre Est Europe	81	0.00%
CRCM Sud-Est	61,545	0.23%
CRCM Ile-de-France	146,381	0.55%
CRCM Savoie-Mont Blanc	20	0.00%
CRCM Midi-Atlantique	24,534	0.09%
CRCM Centre	308,726	1.16%
CRCM Dauphiné-Vivarais	2,480	0.01%
CRCM Loire-Atlantique Centre-Ouest	741,949	2.79%
CRCM Méditerranéen	74,750	0.28%
CRCM Normandie	123,956	0.47%
CRCM Anjou	176,001	0.66%
CFCM Maine Anjou et Basse Normandie	222,965	0.84%
CFCM Antilles - Guyane	2,477	0.01%
CFCM Océan	1	0.00%
CFCM Nord Europe	1	0.00%
Miscellaneous	42	0.00%
TOTAL	**26,585,134**	**100.00%**

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

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

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

VIII.1.1.1 - Changes in the distribution of capital during the past three years

In 2013

Under the partnership with Crédit Mutuel Anjou Group, which took effect on January 1, 2012, the May 7, 2013 Extraordinary Shareholders' Meeting approved a capital increase in cash of €25 million through the creation and issue of 52,521 new shares, each with a par value of €50, increasing the share capital from €1,326,630,650 to €1,329,256,700. These new shares were issued at a unit price of €476, i.e. with an issue premium of €426 per share. They were fully paid up in cash at the time of subscription.

On January 1, 2012, the Anjou Group joined the partnership to form CM11, which resulted in the Anjou Caisses acquiring a stake in BFCM under the same conditions as the other groups.

In 2011

On July 28, 2011, BFCM completed a €22,621,000 capital increase through the creation and issue of 452,420 new shares paid for in cash in order to increase its share capital from €1,302,192,250 to €1,324,813,250. This capital increase reserved for the regional banks (CRCM) and local banks (CCM) of the Crédit Mutuel Centre, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Loire Atlantique-Centre Ouest, Crédit Mutuel Méditerranéen and Crédit Mutuel Normandie federations was subscribed in the amount of €180,968,000, including an issue premium, distributed as follows:

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

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

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

VIII.1.1.2 - Individuals or legal entities exercising control over BFCM

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

VIII.1.1.3 - Knowledge by BFCM of an agreement likely to result in a change in control

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

VIII.1.1.4 - Dependence of BFCM on other group entities

BFCM's dependence on other CM11-CIC Group entities is limited to the ownership ties described in the chapter entitled "Presentation of CM11-CIC Group".

The section entitled "Legal Information – Miscellaneous Information" indicates that no major agreements exist between BFCM and the subsidiaries.

VIII.1.2 - Ordinary Shareholders' Meeting of May 7, 2014

VIII.1.2.1 - Extract of the Board of Directors' report to the Ordinary Shareholders' Meeting of May 7, 2014

VIII.1.2.1.1 - BFCM activities

BFCM has several key business activities:

- central refinancing for CM11-CIC Group,
- depository for CM11-CIC Group's undertakings for collective investments,
- financial relations with large corporates and local authorities through its payment processing, lending and financial engineering activities,
- parent company of CM11-CIC Group's subsidiaries and coordination of their activities.

VIII.1.2.1.1.1 - Capital markets activity – Refinancing

Access to market resources benefited from a generally favorable environment in 2013.

CM11-CIC managed to raise €17.6 billion in medium- and long-term external funding, mainly in the second half of the year (56%).

Public issues made up 64% of this funding, with private placements accounting for a significant share.

In what is a sign of a generally confident market, the proportion of covered bonds issued by our CM-CIC Home Loan SFH subsidiary accounted for only 16% of the total, with most issues made by BFCM.

The share of volumes issued in foreign currencies increased to 16% as a result of our investor base diversification strategy, particularly outside the euro zone.

Meetings with international investors are now being routinely held in major geographic areas worldwide (Europe, USA and Japan), which is enabling CM11-CIC Group to quickly increase its name recognition and open new credit lines.

The contribution of US and Japanese investors through the following two issues completed in October 2013 is particularly worth noting:

- an initial three- and five-year BFCM issue under U.S. Rule 144A for USD 1.75 billion (€1.27 billion);
- a BFCM "Samurai" issue for JPY 108 billion (€817 million), which was significant in terms of both size (one of the largest issues of its kind in Japan in 2013) and quality, in that it attracted more than 100 different Japanese investors.

It should also be noted that the group strengthened its ties with the EIB by securing in late 2013 a new €200 million portfolio of subsidized loans for SME financing. These loans will be distributed by our regional banks with clients eligible for these facilities.

In addition, we maintained a presence in the short-term money market thanks to operations by our treasury sales teams in Paris, Frankfurt and London and various short-term programs offering negotiable certificates of deposit, euro commercial paper and London CDs.

More generally, in terms of treasury and refinancing activities, in 2013 we successfully pursued our strategy aimed at:

- increasing the proportion of medium- and long-term resources (65% of the total at the end of December 2013),
- consolidating CM11-CIC Group's liquidity and securing it fully against a prolonged shutdown of the money markets by holding an LCR and/or ECB-eligible asset buffer calibrated at 145% of market resources due to mature within the next 12 months (position at December 31, 2013).

VIII.1.2.1.1.2 - Depository for undertakings for collective investments (UCI)

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

- Custody account-keeping (mainly investment securities), cash account-keeping and position keeping for other securities (futures and other directly held financial instruments).
- Ensuring the regulatory compliance of UCI management decisions.
- UCI liabilities management in cases where the management company has delegated it to the depository, including in particular subscription and redemption order processing initiated by clients. This activity is carried out by the group's specialized units.

Under the AIFMD (Alternative Investment Fund Managers Directive), a new responsibility has been assigned to depositories, namely liquidity management.

In 2013, Banque Fédérative du Crédit Mutuel's depository activity was marked by:

- Implementation of the control plan with priority given to regulatory tasks.

- The resources made available in the area of ratio calculation.

- The integration into the secure IT applications of control plan management, the depository database and questionnaires regarding new relationships and follow-up of relationships with the management companies.

- The assumption of the Dubly funds.

- Meetings with the management companies based on a topic-specific agenda along with on-site audits where necessary.

- Efforts to make the management companies aware of changes related to AIFMD.

- Actions taken in the area of private equity, including in particular making the procedures available.

- Changes to the depository commission invoice forms.

- The contribution to the Data Management working group for the creation of a single group reference base.

- Participation in the work of the AFTI (French Association of Securities Professionals), including finalization of a template for depository agreements and topic-based meetings regarding regulatory changes (French Monetary and Financial Code, AMF General Regulations, etc.).

- The start of updates to the depository agreements and agreements with the group's service providers for delegated activities.

- A large number of analyses of prospectuses related to the creation of UCIs and to the numerous switches to key investor information documents (KIID).

- The vast amount of regulatory news.

At the end of December 2013, Banque Fédérative du Crédit Mutuel was the depository for 788 UCIs with total assets of €80.53 billion, a 1.2% increase compared to 2012.

The vast majority of UCIs held by Banque Fédérative du Crédit Mutuel (71.4%) are managed by the group's management companies, namely CM-CIC Asset Management for general and employee savings UCIs and CM-CIC Capital Privé and CM-CIC Private Debt for FCPR private equity funds. Banque Fédérative du Crédit Mutuel is also the depository for the securitization mutual funds used in connection with group refinancing (26.6%). The UCIs of some 20 asset management companies which are not part of CM-CIC Group and specialize primarily in private equity represent 2.0% of the assets held.

VIII.1.2.1.1.3 - Large accounts and structured products

As expected, in 2013 the euro zone economy remained in the doldrums, recording only anemic growth. Large French corporations with a strong international presence sought growth opportunities in emerging countries, whose expansion slowed down at the end of the year.

This environment led companies to adopt a conservative approach to investing, thereby reducing their demand for credit. As a result, the volume of new financing transactions was low and most transactions involved renewals in often lower amounts. In a context of strong improvement in bank liquidity, margin and commission conditions declined significantly. In addition, the disintermediation trend continued, mainly during the first half of the year, and with a sharp increase in private placements. CM-CIC therefore managed or participated in several bond issues, including those of ADEO, Air Liquide and Rallye.

The group's financial soundness, confirmed by the rating agencies, enabled further growth in deposits among both large corporates and institutional investors. A dedicated sales team now markets all the group’s investment products and services.

In 2013, preparations for SEPA migration (SCT, SDD) were also underway in view of the 01/29/2014 end date. The staff made great efforts, and continue to do so in 2014, to help clients implement this system by the specified deadline.

The large accounts department (*Direction des Grands Comptes*) continued to focus on development of the group's know-how and expertise through major agreements in the area of employee benefits engineering and factoring with CAC 40 groups.

In a still challenging environment, in 2014 Large Accounts continues to support its clients, with special attention given to means of payment in Europe and beyond, by drawing on the expertise of both the group and our Canadian partner, Mouvement Desjardins.

VIII.1.2.1.2 - Information on the activity and results of the subsidiaries and controlled companies (Art. L. 233-6 paragraph 2 of the French Commercial Code)

Under the above provision, the report submitted to the general shareholders’ meeting must disclose the results of the subsidiaries and the companies controlled by BFCM, by business line.

VIII.1.2.1.2.1 - Financial and related sector

Groupe Crédit Industriel et Commercial SA:
(Management report on the consolidated financial statements of CIC)

- Activity and results

Accounting principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2013. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted as of that date. Standards not adopted by the European Union have not been applied. The summary documents are presented in accordance with Recommendation 2013-04 of the *Autorité des Normes Comptables* (French accounting standards authority).

All IAS and IFRS were updated on November 3, 2008 by Regulation 1126/2008, which replaced Regulation 1725/2003. These standards are available on the European Commission’s website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

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

Changes in consolidation scope

The changes in scope include:
• the addition of CM-CIC Proximité,
• the removal of CM-CIC Gestion and Alternative Gestion SA,
• the winding up of Valeroso Management Ltd, and
• the change in name of Dubly-Douilhet, which is now Dubly-Douilhet Gestion.

Analysis of the consolidated statement of financial position

The main changes in the consolidated statement of financial position items were as follows:

• customer loans (excluding resale/repurchase agreements), including lease financing, amounted to €136.8 billion at December 31, 2013, an increase of 2.9% compared to December 31, 2012, with equipment loans up by 5.4% and home loans up by 3.7%;

• customer deposits (excluding resale/repurchase agreements) totaled €112.8 billion (+4.3%), driven by current accounts (+10.7%) and home savings accounts (+5.2%).

• the "loan-to-deposit" ratio, the ratio of total net loans to bank deposits expressed as a percentage, improved significantly at 121.2% as of December 31, 2013 compared to 122.9% the previous year.

• customer funds invested in savings products[8] totaled €231.1 billion (+3.9%).

• total shareholders' equity and reserves attributable to the Group rose to €11.129 billion (compared to €10.362 billion at December 31, 2012) and the resulting Tier 1 capital totaled €10.813 billion. The Tier 1 and Common Equity Tier 1 solvency ratios were 11.9% and 11.6%, respectively, after repayment of €500 million in super-subordinated securities.

The European regulation on prudential requirements entered into force on January 1, 2014. Under this regulation, and without considering transitional measures, the CET1 capital ratio would be 10.2% and the leverage ratio 4.0%.

Analysis of the consolidated income statement

Net banking income rose from €4.260 billion in 2012 to €4.466 billion at December 31, 2013. The growth in net banking income is linked to the recovery of the interest margin and the increase in net commission income. It was mainly driven by retail banking, which also benefited from the decrease in the cost of funds.

Management fees decreased by 2% to €2.944 billion. In 2013, CIC benefited from the competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi* – CICE) and from a decrease in the systemic tax.

Net additions to/reversals of provisions for loan losses amounted to €367 million at December 31, 2013 compared to €356 million (€324 million after restatement of the impact of the sale on the market of Greek sovereign securities eligible for the Private Sector Involvement Plan) at December 31, 2012.

Actual net provisioning for known risks, as a proportion of total loan outstandings, rose from 0.20% to 0.22% and the overall non-performing loan coverage ratio was 51.5% at December 31, 2013.

Net income was €851 million at December 31, 2013 compared to €722 million in 2012.

- Rating

In 2013, rating agencies Moody’s and Fitch confirmed the long-term rating of CIC, a subsidiary of BFCM, while Standard & Poor’s lowered it by a notch.

	Standard & Poor’s	Moody’s	Fitch Ratings
Long-term rating	A	Aa3	A+
Outlook	*Stable*	*Negative*	*Stable*

8 Month-end outstandings, including securities issued.

Breakdown by business segment

Description of the business segments

Retail banking, CIC's core business, comprises all the banking and specialized activities whose products are marketed by the network of regional banks, which is organized around five regional divisions and that of CIC in Ile-de-France: life and property-casualty insurance, equipment leasing and leasing with purchase option, real estate leasing, factoring, fund management, employee savings and real estate.

The Group's financing activities (i.e., corporate banking) include the financing of large corporate and institutional clients, value-added financing (export, project and asset financing, etc.), international activities and foreign branches.

The Group's market activities include investments in fixed-income, equity and foreign exchange activities (ITAC) and stock market intermediation.

Private banking develops expertise in financial and wealth management for families of business owners and private investors in France and around the world.

Private equity encompasses equity investments, merger-acquisition consulting and financial and stock market engineering.

The holding company includes all activities not assigned to another business.

- Results by activity

Retail banking

€ millions	2013	2012	Change 2013/2012
Net banking income	3,330	3,083	8.0%
Gross operating income	1,128	838	34.6%
Income before tax	918	743	23.6%
Net income - Group share	604	518	16.6%

Retail banking loans and deposits increased as follows:

- 3.5% growth in loans to €116 billion (+5.4% for equipment loans and +3.3% for home loans); continued improvement in the quality of the network, which now totals 2,067 branches, including 15 created in 2013;
- 3.9% increase in deposits to €87 billion thanks to growth in current accounts with credit balances and home savings accounts.

Net banking income grew by 8% to €3.330 billion at December 31, 2013, compared to €3.083 billion in 2012. Net commission income in 2013 rose by 7% and represented 42% of net banking income.

General operating expenses fell from €2.245 billion in 2012 to €2.202 billion. The cost/income ratio was 66.1% compared to 72.8% at year-end 2012.

Net additions to/reversals of provisions for loan losses totaled €312 million compared to €201 million in 2012.

Income before tax in retail banking was therefore €918 million compared to €743 million a year earlier.

Banking network

The development of the banking network in 2013 made it possible to:

• add 120,573 new customers to the banking network, bringing the total to 4,688,233 (+2.6%);

• develop the property and casualty insurance business (5.5% increase in the portfolio to 3,171,761 policies, excluding individual enrollments);

• record gains in the services area (remote banking +6.3% to 1,718,814 contracts, telephone banking

+13.5% to 344,071 contracts, theft protection +12.1% to 77,966 contracts, electronic payment terminals (EPT) +7.2% to 113,568 contracts).

At December 31, 2013, retail banking recorded a net banking income of €3.111 billion compared to €2.897 billion in 2012, with similar growth in the margin and in net commission income, which represented more than 45% of net banking income.

General operating expenses fell from €2.113 billion at year-end 2012 to €2.066 billion at the end of 2013.

Net additions to/reversals of provisions for loan losses totaled €304 million (+€109 million).

Income before tax was €743 million compared to €595 million the previous year.

Businesses ancillary to retail banking

In 2013, the net banking income of these businesses was €219 million compared to €186 million at year-end 2012, driven mainly by equipment leasing activities. Income before tax was €175 million (€148 million the previous year).

Financing

€ millions	2013	2012	Change 2013/2012
Net banking income	278	282	-1.4%
Gross operating income	193	194	-0.5%
Income before tax	155	130	19.2%
Net income - Group share	104	105	-1.0%

In a difficult economic environment, the net banking income of Financing remained satisfactory at €278 million, compared to €282 million at the end of 2012.
Net additions to/reversals of provisions for loan losses fell from €64 million in 2012 to €38 million in 2013.
Income before tax rose to €155 million (€130 million in 2012.)
The business line managed €11 billion in loans (-6%) and €8.7 billion in deposits (+56%).

Capital market activities

€ millions	2013	2012	Change 2013/2012
Net banking income	473	555	-14.8%
Gross operating income	307	377	-18.6%
Income before tax	300	351	-14.5%
Net income - Group share	185	204	-9.3%

At December 31, 2013, net banking income totaled €473 million (€555 million in 2012). General operating expenses and net additions to/reversals of provisions for loan losses decreased by 6.7% and 73.2%, respectively. Income before tax was €300 million compared to €351 million at year-end 2012.

Private banking

€ millions	2013	2012	Change 2013/2012
Net banking income	444	464	-4.3%
Gross operating income	115	130	-11.5%
Income before tax	109	106	2.8%
Net income - Group share	71	62	14.5%

In 2013, Private Banking managed €15.8 billion in deposits and €8.6 billion in loans. Customer funds invested in savings products totaled €71.9 billion.
Net banking income decreased slightly to €444 million in 2013 compared to €464 million in 2012. As a result of a combination of tight control of general operating expenses and a €22 million decrease in net

additions to/reversals of provisions for loan losses, income before tax grew modestly to €109 million, compared to €106 million at the end of 2012.

Private equity

€ millions	2013	2012	Change 2013/2012
Net banking income	119	100	19.0%
Gross operating income	85	66	28.8%
Income before tax	85	66	28.8%
Net income - Group share	86	67	28.4%

Invested capital totaled €1.7 billion, including €200 million in 2013.
The portfolio consists of 469 investments.
Net banking income was €119 million at December 31, 2013 compared to €100 million in 2012 and income before tax stood at €85 million compared to €66 million the previous year.

Headquarters and holding company services

€ millions	2013	2012	Change 2013/2012
Net banking income	(178)	(224)	Immaterial
Gross operating income	(250)	(289)	Immaterial
Income before tax	(287)	(374)	Immaterial
Net income - Group share	(205)	(258)	Immaterial

The net banking income of headquarters and holding company services consists mainly of:
• -€113 million to finance working capital and the cost of subordinated securities (-€171 million in 2012);
• -€86 million to finance the network development plan (-€82 million in 2012);
• a €10 million net gain on investments in associates (-€6 million in 2012).
In 2012, a reversal was recorded for a €21 million expense related to the fine paid by CIC for interbank fees on checks, which was paid back by the French antitrust authorities (*Autorité de la Concurrence*).
General operating expenses rose from €65 million in 2012 to €72 million.
Net additions to/reversals of provisions for loan losses totaled €3 million compared to €36 million at year-end 2012, 34 million of which was related to Greek sovereign debt.
Income before tax includes a €34 million expense related to impairment losses on equity-accounted associates (€49 million at year-end 2012).

Recent developments and outlook

In 2014, CIC will focus on developing its commercial activity by offering all its customers products and services that meet their needs. It relies on the latest technology to make customer relationships, whether physical or digital, the focal point of its strategy. As a bank for professionals and corporates, it plays an active role in the economic life of France's regions. As a bank that serves individuals and associations, it provides day-to-day support for projects that build our society.
By combining growth, efficiency and risk control and by drawing on the professionalism of its employees and its strong, Europe-wide Crédit Mutuel parent company, CIC is well equipped to face the challenges of the coming years.

Material changes

There have been no material changes in CIC's commercial or financial position since the end of the last year for which audited financial statements were published.

Banque Européenne du Crédit Mutuel SAS:

The BECM network bank works alongside the Crédit Mutuel local bank network and with the CIC branch network in four main markets:

- large and medium-sized corporates;
- financing for real estate developers and investors, mainly in the housing sector;

- real estate companies specializing in the management of leased residential and commercial properties and office space;
- management of payments from large order-givers in the retail, transport and services sectors.

BECM operates, on a subsidiary basis vis-à-vis the local bank network Crédit Mutuel with intervention thresholds adapted to each region, in the corporate market, particularly in such specialized markets as agriculture and the healthcare professions, and in financing for professional real estate clients.

In its role as a business center serving the group, BECM organizes training, procedures, management and development of financing tools for real estate developers, as well as activities related to large order-givers in the field of corporate cash management.

BECM has a 46-branch network extending from France and Germany to Saint Martin and including a Monaco subsidiary, through which it serves 17,800 clients.

The lackluster economic environment and weak demand for credit from French businesses combined with a movement by real estate companies toward bond issues led to a 4% decrease in loans granted to €10.3 billion.

Through the robust efforts of its employees BECM was able to post a further significant increase in deposits, which rose by 23% to €6.7 billion. These improvements resulted in a €1.7 billion decrease in the liquidity gap as of the closing date.

Sales performance, the lower cost of deposits, control of general operating expenses and a low cost of risk enabled BECM to improve profitability with a 14.7% increase in net income.

CIC Iberbanco:

<u>Sales activity</u>
With 128 employees working at 22 branches in Ile-de-France, the Lyon region and southern France (Bordeaux, Bayonne, Midi-Pyrénées and Languedoc-Roussillon), CIC Iberbanco added over 6,700 new customers in 2013, up 13.7% compared to 2012.

Customer savings deposits increased by 9% to €478 million. Overall, outstanding loans totaled €404 million, an increase of nearly 15% compared to 2012. The insurance and telephony activities trended favorably, up 17.5% and 23.9%, respectively. Net income in 2013 was €2.8 million.

Targobank Germany:

<u>Targobank Germany's activity in 2013</u>
Targobank continued to grow in 2013. Outstanding loans benefited from a further increase in personal loan production, up nearly 6% from the previous year. They stood at €10.8 billion at December 31, 2013, a year-over-year increase of €559 million.
In particular, the bank achieved a new record in July 2013 with a total volume of loans taken out of €284 million, i.e. €13.4 million per day.
This growth in assets was entirely refinanced by an increase in customer deposits, which rose by €679 million to €11.1 billion at December 31, 2013.
The wealth management business has also grown. Financial savings totaled nearly €9 billion at year-end, up by more than €600 million for the year.

This strong performance is the result of a development strategy geared toward expansion of the sales network (19 new branches opened in 2012 and 2013, bringing the total number of points of sale to 351 at December 31, 2013) and the gradual roll-out of auto loan products (€59 million in outstanding loans at December 31, 2013).
Another notable event in 2013 was the acquisition of the retail banking activities of Valovis Bank AG, which will be finalized in 2014. This acquisition strengthens the bank's position in the vendor credit and credit card market and will make Targobank the third largest credit card issuer in Germany.

Under IFRS, income before tax for 2013 was €428 million, up 4.9% from 2012. Net banking income grew by 5%, driven by the increase in loans outstanding and the recovery of the wealth management business.

Targobank Spain:

(Proportionally consolidated subsidiary whose contribution to the consolidated financial statements represents 50% of its results)

An all-purpose bank jointly held 50-50 by BFCM and Banco Popular Español, Targobank Spain has 125 branches located for the most part in Spain's main centers of economic activity and more than 235,000 customers, more than 80% of which are individuals.
It manages 152 ATMs and 125,000 debit/credit cards.

Targobank Spain posted better results in all its business segments than in 2012.
Net banking income increased by 24.01%, the gross margin by 13.03% and the net margin by 23.40%.
It ended the year with a profit of €19.05 million compared to €0.48 million the previous year.

Cofidis Group (Carmen Holding Investissement SA):

Cofidis Participations, which is jointly held with Argosyn (formerly 3SI), designs, sells and manages a broad range of financial services such as consumer credit, payment solutions and banking services (current accounts, savings, online brokerage and investments).

To that end, it has three brands specializing in the sale of financial products and services:

- Cofidis, a European online credit specialist based in France, Belgium, Italy, Spain, Portugal, Czech Republic, Hungary and Slovakia;
- Monabanq, the CM11-CIC online bank; and
- Créatis, a specialist in consumer credit consolidation.

In 2013, financing grew by 9% compared to 2012, while consumer credit markets saw a drop in production for the fourth consecutive year in France, Spain and Portugal, the group's main markets.

Sofemo, a former BFCM and CIC subsidiary, became part of the Cofidis Participations Group in May 2014.
This company focuses on installment loans and the development of vendor credit.
Loan production was €497 million in 2013 compared to €603 million in 2012. Net customer loan outstandings fell slightly to €964 million.

Banque Casino:

(Proportionally consolidated subsidiary whose contribution to the consolidated financial statements represents 50% of its results)

Banque Casino, which has been jointly held 50-50 with Casino Group since July 2011, distributes credit cards, consumer credit and insurance products in Géant Casino hypermarkets, Casino supermarkets and online through the C-Discount e-commerce site.

The year 2013 was marked by growth in the overall lending activity, underpinned by the launch of a four-installment payment solution for financing C-Discount sales, ongoing sound risk management and a return to breakeven with positive results throughout the year.

CM-CIC Asset Management SA:

In 2013, CM-CIC Asset Management, the business center for Crédit Mutuel-CIC Group's asset management and France's fifth largest asset manager, recorded 1.56% growth in assets under management in the French market, from €57.8 billion to €58.7 billion*, increasing its market share from 5.53% to 5.72%.

This increase was mainly due to additional inflows of €525 million in low-risk assets. Despite still low interest rates, money market funds, among the highest rated in the market (first decile for *Union Moneplus* and *Union Monecourt* at December 31, 2013), continued to post gains through subscriptions by

companies and institutional investors, enabling CM-CIC Asset Management to become France's second-leading asset manager in terms of cash funds in 2013.
With respect to equity mutual funds, CM-CIC Asset Management's performance was in line with the stock market, which, again, experienced an upward trend. The relative portion of equity mutual fund outstandings therefore rose from 8.9% to 10.4% of total assets.

To best support the networks, steps were taken to restructure the asset management product ranges in 2013.

For example, the entire Mid Cap range was updated with two resized and renamed funds, *Union Entrepreneurs* and *Union Mid Cap*. This reorganization contributed to the launch at the end of the year of the new SME stock savings plan at Crédit Mutuel-CIC Group with two funds "*Union PME ETI Actions"* and "*Union PME ETI Diversifié*". Overall, the assets in the Mid Cap range grew by 48% in 2013 (€153 million).
The Europe Thématique range saw the addition of a Union Europe Rendement fund whose outstandings increased by 65% (€191 million) in 2013.
In the fixed-income market, to get the benefit of an attractive return that is less susceptible to a potential rate increase, at the end of the year CM-CIC Asset Management launched *Union Obli High Yield 2018* in the bond segment, a combination of high-yield bonds and staggered maturities.

During the year, CM-CIC Asset Management also endeavored to help the networks plan for the future and take advantage of opportunities.
The commercial ranges were reviewed and segmented for each of Crédit Mutuel-CIC Group's markets: individuals, wealth management clients, private banks, professionals, farmers, corporates, associations, mutual companies and institutions. Information on specific funds was provided regularly via letters, videos and interviews posted on the group's intranet and Internet portals, and a new more comprehensive and easy-to-understand fund report was introduced at the end of 2013.

The year also saw successful campaigns in the networks. New formula-based funds recorded a total inflow of €363 million.
In Germany, the introduction of a new sales policy integrated into Targobank's internal structures and methods and the creation of two funds under the Crédit Mutuel brand brought in high volumes of funds.

Further efforts were made to increase complementarity and cross-functionality with the Group's other divisions, which led to notable successes.
Several initiatives focusing on socially responsible investment and the organization of joint requests for proposals were undertaken with CM-CIC Epargne Salariale. More generally, Crédit Mutuel-CIC Group's entire RFP organization was overhauled, with CM-CIC Asset Management at the center of this new system.

The year 2013 ended with the conversion of CM-CIC Group's portfolio management company, CM-CIC Gestion, into a subsidiary. This conversion, authorized by the AMF, became effective in December and affects nearly 360 people throughout France.

CM-CIC Asset Management remains a recognized specialist in its field. Its role as an accounting services provider has been further enhanced with the valuation of 1,018 internal and external UCITS (including 332 for 79 third-party asset management companies).

CM-CIC Asset Management's revenue in 2013 totaled €216 million. The amount of commissions paid to all the distribution networks was €160 million.

Crédit Mutuel-CIC Home Loan SFH:
Given that the markets operated in a context favorable to refinancing throughout most of 2013, the bulk of our issues were carried out through BFCM.

However, with issues totaling €2.843 billion over the year, CM-CIC Home Loan SFH accounted for 16% of CM11-CIC Group's medium- and long-term external refinancing.

Three public issues carried out by CM-CIC Home Loan SFH are particularly noteworthy:

- €1.25 billion, maturing in 7 years (April 2013),
- GBP 250 million, maturing in 3 years (April 2013),
- €1.0 billion, maturing in 10 years (September 2013).

CM-CIC Lease SA:
In 2013, in a relatively quiet market for commercial real estate transactions and new project launches, CM-CIC Lease's activity grew by 18%.

A total of 303 new real estate lease financing agreements amounting to a total of €684 million were signed on behalf of Crédit Mutuel-CIC customers, primarily for industrial properties (26%), warehouses (25%) and commercial properties (20%).

Total outstandings, including committed transactions (off-balance sheet), grew by 6% to more than €3.8 billion. Of this total, 69% involve commercial, industrial and warehouse facilities in roughly equal measure, while the balance comprises facilities in a range of other sectors: office space, healthcare, hotels, recreation and education.

The financial margin grew by 32% and the payment of commissions to the various networks totaled more than €17.7 million (+18%). Low general operating expenses and a limited cost of risk resulted in a sharp increase in net income to €4.5 million.

Efforts to improve customer satisfaction led to the introduction or continued roll-out of new internal and external procedures with partners during the year. These procedures focus primarily on shorter request processing and notarial instrument signature times and faster, more streamlined management of construction sites. Others are designed to significantly reduce the time needed to make decisions and complete the legal transactions required to implement the real estate leasing agreements and manage the buildings owned.

Banque de Luxembourg:
The bank is engaged in several specialized businesses such as asset management, private banking, lending, and services to financial sector professionals (fund promoters, asset managers, etc.). It targets international clients who are often very demanding in terms of quality and advice.

Banque de Luxembourg is one of the largest banks in the Grand Duchy and has had operations in Belgium for the past several years.

Starting on January 1, 2015, Luxembourg will implement automatic information exchange with its European partners. Thanks to its employees' commitment and, above all, the measures taken since the early 2000s to prepare its clients for this deadline, the bank's business complies with the new requirements.

In 2013, Banque de Luxembourg continued to attract clients hoping to benefit from its expertise. These new inflows, market effects and the acquisition of the private banking business of Lloyd’s Luxembourg allowed private banking assets to top €18 billion. An agreement was signed at the end of the year to acquire the private banking business of LBLux S.A.

Loans increased by approximately 6% in 2013. This performance reflects the bank's desire to accelerate its commercial growth among businesses and individuals.

Administrative support and advisory services for investment funds and services for independent fund managers and life insurance companies were the bank's two main areas of growth. In an environment marked by the transposition of the AIFMD directive and a host of new regulations, Banque de Luxembourg was able to support its customers and confirm its role as partner of choice backed by a multilingual, versatile, well-equipped and well-trained staff.
Net banking income amounted to €232 million and net income was €73 million (+11%).

VIII.1.2.1.2.2 - Insurance sector

Groupe des Assurances du Crédit Mutuel – GACM – SA:
CM11-CIC Group's insurance activities are carried out through the subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM).

The year 2013 was marked by major legislative developments that affected the insurance sector. Examples include the reorganization of the supplementary health insurance market following the French multi-sector bargaining agreement (*Accord National Interprofessionnel*), the creation of the Euro Croissance and Vie Génération life insurance policies, and draft legislation on consumption.

Despite this fast-changing and uncertain environment, CM11-CIC Group's insurance business recorded exceptional results, with revenues rising by more than 21% and exceeding €10 billion for the first time. The year 2013 marked the first year in which the Spanish subsidiary Agrupacio was consolidated. On a comparable consolidation scope basis, premium income grew at a very high rate (+18%).

Under IFRS, GACM's income increased by 4% to €637.3 million.

In terms of sales, premium income on life insurance and annuity products rose by 30% to more than €6.1 billion. On a comparable consolidation scope basis, *net premiums?* (more than €1.8 billion) resulted in a more than 5 percentage point increase in in-force business.
With revenue up 8.1% (+4.8% excluding Agrupacio), property and casualty insurance continued to grow. As in 2012, the automotive and home insurance segments significantly outperformed the market average, posting gains of 5.7% and 10.0%, respectively. Personal insurance rose by 8.5% thanks to the integration of the Spanish subsidiary; excluding Agrupacio, it rose by 3.3%, in line with the previous year.

The number of property insurance claims decreased despite the various weather-related events during the year. However, this trend was more than offset by legislative and regulatory changes and low rates, which had a significant effect on the 2013 financial statements. The decision by the French guarantee fund for compulsory insurance (*Fonds de Garantie des Assurances Obligatoires* - FGAO) to cease indexing benefit payments to victims of auto accidents as of January 1, 2013, the setting of a 2.25% inflation rate to establish provisions for such cases, and the impact of discount rates on the provisioning expense are factors that negatively affect the 2013 financial statements.

The year 2014 will see the implementation of the group's new medium-term plan, the launch of the new home insurance product and the roll-out of a comprehensive product line for professionals and corporates.

In parallel to this, GACM will continue its international expansion, primarily in Spain and Belgium. In Canada, GACM will support a major growth by acquisition drive by Desjardins Assurances, which will enable DGAG to double in size and become Canada's second-largest insurer.

GACM ended 2013 with €8 billion in shareholders' equity, up 5.2%, and a sound balance sheet structure that positions it well for 2014 and its future challenges.

VIII.1.2.1.2.3 - Real estate sector

CM-CIC IMMOBILIER SAS:
The CM-CIC Immobilier subsidiary develops building sites and housing units through CM-CIC Aménagement Foncier, Ataraxia Promotion and CM-CIC Réalisations Immobilières (SOFEDIM). It sells new housing units through CM-CIC Agence Immobilière (AFEDIM) and manages housing units of investors through CM-CIC Gestion Immobilière. It also participates in financing rounds related to real estate development transactions through CM-CIC Participations Immobilières.

VIII.1.2.1.2.4 - Technology sector

Euro-Information SAS:
Euro-Information SAS acts as an IT sub-holding company for the group. In particular, it finances all of the Group's investments in IT and peripheral equipment as well as the technical subsidiaries' investments. It recorded net income of €75.8 million in 2013, in line with projections. Banque Fédérative du Crédit Mutuel owns 13.83% of its capital.

Euro-Information Développements:
Euro-Information Développements provides project management for all CM-CIC Group's IT development and is responsible for upgrades to the common IT system used by 15 Crédit Mutuel federations, the CIC banks and the various CM-CIC business centers. In 2013, various Group entities continued the work of internationalizing the common information system and preparing for the migrations to this system.

Euro-Information Telecom:
The telecom sector remains highly unstable as a result of the trade war being waged among the four infrastructure operators. This situation is impacting the sector's margins, mainly because of the decline in ARPU (Average Revenue Per User) which has led to a decrease in the prices of services among new and existing customers. In this context, Euro-Information Telecom limited the decline in its revenue (approximately 1%) and increased its net income by 65%. The customer base grew to just over 1.2 million active subscribers.

The year 2013 was marked by the implementation of a full MVNO architecture on both the SFR and Orange networks, the launch of 4G on the SFR network, the signing of a 4G agreement with Orange, and the acquisition of Auchan Telecom which helped to stabilize revenue and increase the active subscriber base.

Euro Protection Surveillance:
Euro Protection Surveillance continued to expand in 2013 and today has more than 328,000 subscribers (16%). Euro Protection Surveillance has therefore established itself as the leading residential video surveillance provider in France with a market share of approximately 35% (source: Atlas de la Sécurité 2013/Internal data).

VIII.1.2.1.2.5 - Communications sector

In 2013, the economic environment affected advertising revenue, with mixed results depending on the region. The drop in subscriptions and changing behaviors also affected the yearly results of this sector, which is facing difficulties nationwide. Efforts to reorganize and improve the management of these companies continue.

VIII.1.2.2 - Resolutions of the Ordinary Shareholders' Meeting of May 7, 2013

VIII.1.2.2.1 - First resolution

The Shareholders' Meeting, having heard the reports of the Board of Directors and statutory auditors, approves the financial statements and the statement of financial position for 2013 as presented, which show a net profit of €311,481,573.22.
It also approves the transactions shown in the financial statements or summarized in these reports.
The Shareholders' Meeting grants the directors and statutory auditors full discharge of their duties for the year under review.

VIII.1.2.2.2 - Second resolution

The Shareholders' Meeting resolves to allocate the net profit for the year totaling €311,481,573.22, plus the retained earnings from the previous year totaling €653,565.20, i.e. the sum of €312,135,138.42, as follows:

- pay a dividend of €4.90 per each of the 26,532,613 shares carrying dividend rights for the full year and a dividend of €2.04 per each of the 52,521 new shares carrying dividend rights from

July 29, 2013, i.e. a total payout of €130,116,946.54. These dividends are eligible for deduction under Article 158 of the French Tax Code (*Code Général des Impôts* – CGI);

- allocate €262,605 to the legal reserve, bringing it to 10% of the share capital of BFCM;
- allocate €181 million to the optional reserve; and
- allocate the balance of €755,586.88 to retained earnings.

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

Year	2010	2011	2012
Amount in €	-	2.00	2.65
Dividend eligible for deduction under Article 158 of the French General Tax Code (CGI)	-	Yes	Yes

VIII.1.2.2.3 - Third resolution

The Shareholders' Meeting approves the consolidated financial statements for the year ended December 31, 2013 as presented by the Board of Directors.

VIII.1.2.2.4 - Fourth resolution

The Shareholders' Meeting approves the agreements covered by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) presented in the special report of the statutory auditors.

VIII.1.2.2.5 - Fifth resolution

Pursuant to Article L. 511-73 of the French Monetary and Financial Code (*Code Monétaire et Financier*), the Shareholders' Meeting issues a favorable opinion regarding the total amount of the remuneration specified in the Board of Directors' report. This amount includes remuneration of any kind paid during the year under review to the accountable managers and the categories of employees referred to in Article L. 511-71 of this same code.

VIII.1.2.2.6 - Sixth resolution

The Shareholders' Meeting approves the appointment of Mr. Hervé Brochard as a member of the Board of Directors to replace Mr. Eckart Thomä for the remainder of Mr. Thomä's term of office, i.e. until today's Shareholders' Meeting called to approve the 2013 financial statements.

VIII.1.2.2.7 - Seventh resolution

The Shareholders' Meeting renews the appointment of Mr. Hervé Brochard as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.8 - Eighth resolution

The Shareholders' Meeting renews the appointment of Mr. Roger Danguel as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.9 - Ninth resolution

The Shareholders' Meeting renews the appointment of Mr. François Duret as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.10 - Tenth resolution

The Shareholders' Meeting renews the appointment of Mr. Jean-Louis Girodot as a member of the Board of Directors for a three-year term.

His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.11 - Eleventh resolution

The Shareholders' Meeting renews the appointment of Mr. Gérard Oliger as a member of the Board of Directors for a three-year term.

His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.12 - Twelfth resolution

The Shareholders' Meeting renews the appointment of Mr. Michel Vieux as a member of the Board of Directors for a three-year term.

His term of office will expire at the time of the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.2 - Statutory Auditors' special report on related party agreements and commitments

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

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

Statutory Auditor
Member of the regional association
of accountants of Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable (simplified stock company with variable capital)

Statutory Auditor
Member of the regional association
of accountants of Versailles

Banque Fédérative du Crédit Mutuel

General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2013

Statutory auditors' special report on related party agreements and commitments

Dear Shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us or that we may have identified in the course of our audit. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the benefits of these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to provide you with the information in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted to the General Meeting of Shareholders for approval

We have not been advised of any agreement or commitment authorized during the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments previously approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years which remained in effect during the year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been informed that the following agreements and commitments, already approved by the General Meeting of Shareholders in prior years, remained in effect during the year.

1. With CIC and Banque de Luxembourg

Directors and corporate officers concerned

Mr. Michel Lucas, Chairman and Chief Executive Officer of BFCM,
Mr. Alain Fradin, Chief Operating Officer of BFCM,
Messrs. Jacques Humbert, Maurice Corgini and Jean-Louis Girodot, directors of BFCM,
Mr. Daniel Leroyer, permanent representative of CFCM Maine-Anjou, Basse Normandie to the Board of Directors of your company.

Nature, purpose and terms and conditions

Banque de Luxembourg, CIC and your company are part of CM11-CIC Group and, as such, have occasion to lend and borrow sums of money through transactions carried out between your company and Banque de Luxembourg, on the one hand, and between CIC and Banque de Luxembourg, on the other hand, to most effectively manage their respective cash flows.

These entities wished to globalize their present and future transactions and benefit from the provisions of Articles L. 211-36 et seq. of the French Monetary and Financial Code and the Luxembourg law of August 5, 2005 concerning collateral security agreements.
These entities therefore decided to enter into a netting agreement under which, in the event of default, the transactions in question may be canceled and the resulting debts and receivables, regardless of their due dates, their purposes or the currencies in which they are denominated, may be offset.

This netting agreement between your company, Banque de Luxembourg and CIC received prior authorization from your Board of Directors on July 26, 2012.

2. CMNE securitization with Caisse Fédérale de Crédit Mutuel (CFdeCM)

Directors and corporate officers concerned

Mr. Michel Lucas, Chairman and Chief Executive Officer of BFCM,
Messrs. Jean-Louis Boisson, Jacques Humbert, Gérard Bontoux, Gérard Cormorèche, François Duret, Pierre Filliger, Jean-Louis Girodot, Albert Peccoux, Alain Têtedoie, Eckart Thöma and Michel Vieux, directors of BFCM.

Nature, purpose and terms and conditions

The following agreements concerning the implementation of a refinancing mechanism with Crédit Mutuel Nord Europe were authorized by your Board of Directors on July 26, 2012:

- the Master Framework and Definitions Agreement between your company (as Borrower, Custodian, Collateral Security Agent, Issuer Accounts Bank, Issuer Cash Manager, Collection Loss Collateral Provider), CFdeCM (as Seller, Intermediary Bank and Issuer Servicer), CM-CIC Securities (as Paying Agent), Caisse Fédérale du Crédit Mutuel Nord Europe (as Initial Notes Subscriber and Sub-Collateral Security Agent), CMNE Home Loans FCT (represented by France Titrisation) and France Titrisation (as Management Company);

- the Borrower Facility Agreement between your company (as Borrower) and CFdeCM (as Intermediary Bank);

- the Collateral Security Agreement between your company (as Collateral Security Agent, Collateral Provider and Borrower), CFdeCM (as Intermediary Bank), Caisse Fédérale du Crédit Mutuel Nord Europe (as Sub-Collateral Security Agent) and the Collateral Providers;

- the Collection Loss Collateral Agreement between your company (as Borrower, Custodian and Collection Loss Collateral Provider), CFdeCM (as Intermediary Bank and Issuer Servicer) and CMNE Home Loans FCT (represented by France Titrisation (as Management Company));

- the Transfer and Servicing Agreement between your company (as Borrower and Custodian), CFdeCM (as Issuer Servicer, Seller and Intermediary Bank) and CMNE Home Loans FCT (represented by France Titrisation (as Management Company));

- the 2012 TEG Letter, which must be sent by CFdeCM (as Intermediary Bank) to your company (as Borrower), with a copy to France Titrisation (as Management Company);

- the 2012 Drawdown Request, which must be sent by your company (as Borrower) to CFdeCM (as Intermediary Bank), with a copy to France Titrisation (as Management Company).

3. Zéphyr securitization with Caisse Fédérale de Crédit Mutuel (CFdeCM), Crédit Mutuel Maine-Anjou, Basse Normandie and Crédit Mutuel Océan

Directors and corporate officers concerned

Mr. Michel Lucas, Chairman and Chief Executive Officer of BFCM,
Messrs. Jean-Louis Boisson, Jacques Humbert, Gérard Bontoux, Gérard Cormorèche, François Duret, Pierre Filliger, Jean-Louis Girodot, Albert Peccoux, Alain Têtedoie, Eckart Thöma and Michel Vieux, directors of BFCM,
Mr. Daniel Leroyer, permanent representative of Caisse Fédérale du Crédit Mutuel Maine-Anjou Basse Normandie to the Board of Directors of your company.

Nature, purpose and terms and conditions

The following agreements concerning the implementation of a refinancing mechanism with Crédit Mutuel Maine-Anjou, Basse Normandie and Crédit Mutuel Océan were authorized by your Board of Directors on July 26, 2012:

- the Master Framework and Definitions Agreement between your company (as Borrower, Custodian, Collateral Security Agent, Issuer Accounts Bank, Issuer Cash Manager, Collection Loss Collateral Provider), CFdeCM (as Seller, Intermediary Bank and Issuer Servicer), CM-CIC Securities (as Paying Agent), Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (as Initial Notes Subscriber and Sub-Collateral Security Agent), Caisse Fédérale du Crédit Mutuel Océan (as Initial Notes Subscriber and Sub-Collateral Security Agent), Zephyr Home Loans FCT (represented by France Titrisation (as Management Company)) and France Titrisation (as Management Company);

- the Borrower Facility Agreement between your company (as Borrower) and CFdeCM (as Intermediary Bank);

- the Collateral Security Agreement between your company (as Collateral Security Agent, Collateral Provider and Borrower), CFdeCM (as Intermediary Bank), Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (as Sub-Collateral Security Agent), Caisse Fédérale du Crédit Mutuel Océan (as Sub-Collateral Security Agent) and the Collateral Providers;

- the Collection Loss Collateral Agreement between your company (as Borrower, Custodian and Collection Loss Collateral Provider), CFdeCM (as Intermediary Bank and Issuer Servicer) and Zephyr Home Loans FCT, represented by France Titrisation (as Management Company);

- the Transfer and Servicing Agreement between your company (as Borrower and Custodian), CFdeCM (as Issuer Servicer, Seller and Intermediary Bank) and Zephyr Home Loans FCT (represented by France Titrisation (as Management Company));

- the 2012 Drawdown Request, which must be sent by your company (as Borrower) to CFdeCM (as Intermediary Bank), with a copy to France Titrisation (as Management Company);

- the 2012 TEG Letter, which must be sent by CFdeCM (as Intermediary Bank) to your company (as Borrower), with a copy to France Titrisation (as Management Company).

4. With Targobank Germany

Directors and corporate officers concerned

Messrs. Eckart Thomä and Jean-Paul Martin, directors of BFCM.

Nature, purpose and terms and conditions

Except in Germany, ownership of the Targo Bank brand name was assigned by Targobank Germany to your company which may therefore, under the legal conditions specific to each country, make it available to any subsidiary it controls provided that it ensures compliance with the specifications of the brand name. To this end, your company delegates to Targobank Germany the task of monitoring and managing protection of the brand name on behalf of the group.

This agreement received prior authorization from your Board of Directors on November 16, 2012.

5. With Mr. Alain Fradin, Chief Operating Officer

Nature, purpose and terms and conditions

On May 11, 2011, the Board of Directors decided to approve the proposals of the Remuneration Committee regarding the fixed and variable remuneration and other employee benefits of Mr. Alain Fradin.

On May 11, 2011, the Board of Directors also decided to approve the proposal of the Remuneration Committee regarding the termination indemnity of Mr. Alain Fradin, calculated based on the average of the last 12 months preceding the end of his term of office.

The payment of this indemnity is subject to a performance condition based on the group's total consolidated IFRS equity on the final date of the term of office. With respect to this term of office, the above-mentioned payment does not come at the expense of the payment that he would receive as an employee pursuant, in particular, to the industrial agreements applicable at the group.

As an employee, Mr. Alain Fradin is subject to the company supplementary pension rules of January 1, 2008. The Remuneration Committee therefore proposed that these pension rules be applied to Mr. Alain Fradin's remuneration, as Chief Operating Officer, under the same conditions applicable to all group employees.

However, it should be recalled that Mr. Alain Fradin has been an employee of the group since June 1, 1983 and that his employment contract was suspended effective May 1, 2011.

The termination indemnity of Mr. Alain Fradin as Chief Operating Officer currently represents an estimated commitment of €1.12 million (including social security and other payroll-related expenses).

As a corporate officer, Mr. Alain Fradin is also covered by a supplementary pension plan, the conditions of which are the same as those that apply to the other employees of your company and for which the contributions paid to the insurance company covering this entire commitment amounted to €17,923 in 2013.

Paris-La Défense, April 14, 2014

The Statutory Auditors

KPMG Audit A department of KPMG S.A. Arnaud Bourdeille	ERNST & YOUNG et Autres Olivier Durand

VIII.3 - Miscellaneous information

VIII.3.1 - Issuer's corporate name and trading name

Banque Fédérative du Crédit Mutuel (BFCM)

VIII.3.2 - BFCM's place of incorporation and registration number

Strasbourg B 355 801 929

APE/NAF code: 6419 Z

VIII.3.3 - BFCM's date of incorporation and term

The company was formed on June 1, 1933 under the name "Banque Mosellane". Except in the event of an extension or early dissolution, it will cease to exist on June 1, 2032.

VIII.3.4 - Registered office, legal form, legislation governing BFCM's activities, country of origin, telephone number of BFCM's registered office

BFCM is a French *Société Anonyme à Conseil d'Administration* (joint-stock company with a Board of Directors). As a credit institution and *société anonyme*, it is subject to a statutory audit by two registered auditors. The statutory auditors are appointed by the company's Shareholders' Meeting for a term of six years, subject to approval by the ACPR (French banking and insurance supervisory authority).

BFCM is governed by the provisions of the French Commercial Code (*Code de commerce*) regarding *sociétés anonymes* and by the laws applicable to French credit institutions, most of which are codified in the French Monetary and Financial Code (*Code monétaire et financier*). BFCM is a member of the French Banking Federation (FBF).

The legal documents related to Banque Fédérative du Crédit Mutuel may be consulted at the company's registered office at 34 rue du Wacken, 67000 Strasbourg, France. ☏ +33 (0)3 88 14 88 14

VIII.3.5 - Corporate purpose *(Article 2 of the company's bylaws)*

The company's purpose is to:

- organize and develop the diversification activities of the group that it forms with the Crédit Mutuel local banks under its authority, Caisse Fédérale de Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe,

- carry out, for its own account, on behalf of third parties or on a joint basis, in France and elsewhere, all banking transactions and all related and ancillary transactions, all insurance brokerage activities and, more generally, all insurance intermediation activities, as well as all other transactions falling within a bank's scope of activity in accordance with the prevailing regulations and legislation,

- acquire and manage a direct or indirect shareholding in any French or foreign company through the formation of new companies, contributions, subscriptions or purchases of shares or ownership interests, mergers, associations or investments, investment banking groups or otherwise, and

- more generally, complete all financial, industrial, commercial, movable or immovable property transactions related directly or indirectly to the purposes referred to above or falling within a bank's scope of activity.

The company's purpose is also to provide investment services governed by the French Monetary and Financial Code (*Code monétaire et financier*).

VIII.3.6 - Financial year

The company's financial year runs from January 1 to December 31 of each calendar year.

VIII.3.7 - Allocation of profits *(Article 40 of the company's bylaws)*

After allocation to the legal reserve, if the financial statements for the year, as approved by the Shareholders’ Meeting, show a distributable profit, the Shareholders’ Meeting shall decide to allocate such profit to one or more reserve accounts whose allocation and use it shall determine, carry it forward as retained earnings or distribute it.

In case of a distribution, the dividends shall first be taken from the profits of the year under review.

After determining the existence of reserves at its disposal, the Shareholders’ Meeting may decide to distribute sums taken from these reserves. In this case, the decision shall expressly indicate the reserves from which the amounts are to be taken.

The Shareholders’ Meeting called to approve the financial statements for the year has the option to give each shareholder the choice between payment in cash or in shares, for all or part of the dividend paid out, in accordance with the prevailing legal provisions.

The Board of Directors may also decide to pay interim dividends, giving each shareholder the choice between payment in cash or in shares.

VIII.3.8 - Shareholders' Meetings

Shareholders’ Meetings are convened by the Board of Directors through an announcement in a publication that carries legal notices serving the area where the registered office is located. Notice of the meeting is also given through an individual letter sent by ordinary mail to shareholders who have held registered shares for at least one month as of the publication date of the above announcement.

Since the capital consists entirely of ordinary shares, one share entitles the holder to one vote. There are no double voting rights.

Furthermore, the company's bylaws do not provide for a reporting threshold. BFCM’s capital is “closed” (see Article 10 of BFCM’s bylaws under the section entitled “Additional specific provisions related to the issuer”).

VIII.3.9 - Additional specific provisions related to the issuer

Shareholding structure:

Conditions for admission of shareholders (extract from Article 10 of BFCM’s bylaws)

The only shareholders of the company shall be:

1. Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale de Crédit Mutuel and the "Assurances du Crédit Mutuel - Vie" mutual insurance company;
2. the Crédit Mutuel local banks and the other cooperative and mutual bodies that are members of the Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel d’Ile-de-France, Crédit Mutuel Savoie Mont-Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Loire-Atlantique Centre-Ouest, Crédit Mutuel du Centre, Crédit Mutuel de Normandie, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Méditerranéen and Crédit Mutuel d’Anjou federations;
3. the departmental and interdepartmental regional banks and Caisse Centrale du Crédit Mutuel covered by Article 5-1, paragraphs 3 and 4, of the order of October 16, 1958; the subsidiaries or associated companies of the entities covered by points 2 and 3 above and controlled by one or more departmental or interdepartmental Caisses.
4. the members of the company’s Board of Directors.

Individuals or legal entities that do not fall into any of the above categories and remain owners of the company's shares may retain their shares in their personal capacity.

The provisions of this article may be modified only after obtaining approval from the Chambre Syndicale de la Fédération du Crédit Mutuel Centre Est Europe and the Shareholders’ Meeting of Caisse Fédérale de Crédit Mutuel.

Transfer of BFCM shares

The shares are fully tradable; however, share ownership may only be transferred between legal entities or individuals who meet the above conditions and subject to approval by the Board of Directors (Article 11 of the company's bylaws).

Amount of the subscribed capital, number and class of shares that make up the share capital

The share capital amounts to €1,329,256,700.00 and is divided into 26,585,134 shares of €50 each, all belonging to the same class.

Unissued authorized capital

None.

Exchangeable or redeemable convertible bonds that give access to the capital

None.

Statement of changes in capital

See "Five-year financial summary" in the chapter entitled "Financial elements of BFCM's corporate financial statements".

Market for the issuer's shares

Banque Fédérative du Crédit Mutuel's shares are not quoted or traded on any market.

Dividends

Changes in earnings and dividends:

	2009	2010	2011	2012	2013	
Number of shares at December 31	26,043,845	26,043,845	26,496,265	26,532,613	26,585,134	(a)
Net profit (€/share)	12.71	11.60	10.94	24.48	11.72	
Gross dividend (€/share)	4.96		2.00	2.65	4.90	(b)
			0.83	1.33	2.04	(b)

(a) 26,532,613 shares carrying dividend rights for the full year and 52,521 new shares carrying dividend rights from August 1, 2013.

(b) The dividend paid is €4.90 for shares carrying dividend rights for the full year and €2.04 for new shares carrying dividend rights from August 1, 2013.

Unclaimed dividends are subject to the provisions of Article L. 27-3 of the Code of State-Owned Property (*Code du Domaine de l'Etat*) which states that:

"...Deposits of sums of money and, more generally, all cash assets held at banks, credit institutions and all other establishments that receive funds on deposit or in current accounts, when such deposits or assets have not been subject to any transaction or claim for 30 years by those entitled to such sums, shall definitively revert to the State..."

VIII.3.10 - Financial information contained in the registration document which is not taken from the issuer's audited financial statements

Financial information contained in the registration document which is not taken from the issuer's audited financial statements includes the following points extracted from the following sections:

Presentation of CM11-CIC Group and BFCM Group
CM11-CIC Group's organization and business lines (I.3 – page 15)

Financial information about BFCM Group - Risk report
Interbank loans (V.4.1.2.3 – page 196)
Interest rate risk management (V.4.2.2 – page 197)
Risk management (V.4.3.3 – page 203)
The European solvency ratio (ESR) (V.4.4 – page 204)
Operational risk (V.4.5 – page 204)

VIII.3.11 - Date of the latest financial information

The date of BFCM's latest reported financial information is December 31, 2013.

VIII.3.12 - Half-year information

Not applicable.

VIII.3.13 - Material change in the issuer's financial position

There have been no material changes in BFCM Group's financial or commercial position since the publication on February 27, 2014 of the financial statements for the year ended December 31, 2013. Similarly, there has been no material adverse change in BFCM's outlook since that date.

VIII.3.14 - Recent events specific to BFCM which have a material impact on the measurement of its solvency

Targobank Germany
Crédit Mutuel-CIC Group's German subsidiary announced the acquisition of the credit card distribution activities of Valovis Bank AG, the former consumer credit subsidiary of the Karstadt Quelle retail group. The transaction will be finalized in the first half of 2014. It allows Targobank to increase its customer portfolio by 800,000 and become the third largest credit card issuer in Germany.

There have been no material changes in the group's financial or commercial position since the end of the last year for which audited financial statements were published which are likely to affect its solvency.

VIII.3.15 - Earnings forecasts and estimates

Not applicable.

VIII.3.16 - Major contracts

There are no major contracts (other than contracts entered into in the normal course of business) that could confer on BFCM and/or its fully or proportionally consolidated subsidiaries a right or obligation impacting BFCM's ability to meet its obligations toward the holders of securities issued by it.

VIII.3.17 - Information from third parties, experts' declarations and declarations of interest

Not applicable.

VIII.3.18 - Legal and arbitration proceedings

During the last 12 months, BFCM has had no knowledge of any governmental, legal or arbitration proceedings pending, stayed or in preparation, which could have or have recently had a material effect on the financial position or profitability of BFCM and/or its fully or proportionally consolidated subsidiaries.

IX. ADDITIONAL INFORMATION

IX.1 - Documents available to the public

During the period of validity of the registration document, the following documents (or copies thereof) may be consulted:

By accessing BFCM's website (Institutional site)

http://www.bfcm.creditmutuel.fr

- Historical financial information on BFCM and the CM11-CIC Group for each of the two financial years preceding publication of the registration document.
- This registration document and those for the two preceding financial years.

In document form

- The issuer's deed of constitution and bylaws.
- All reports, mail and other documents, historical financial information, assessments and declarations compiled by an expert at the issuer's request, a part of which is included or referred to in the registration document.
- Historical financial information on BFCM's subsidiaries for each of the two financial years preceding publication of the registration document.

By mailing a written request to:

Banque Fédérative du Crédit Mutuel
Département Juridique
34 Rue du Wacken BP 412
67002 Strasbourg Cedex

IX.2 - Person responsible for the information

Mr. Marc Bauer
Chief Operating Officer of BFCM and Chief Financial Officer of CM11-CIC Group
Telephone: +33 (0)3 88 14 68 03
E-mail: marc.bauer@creditmutuel.fr

IX.3 - Person responsible for the Registration Document

Mr. Michel Lucas, Chairman and Chief Executive Officer of Banque Fédérative du Crédit Mutuel.

Declaration of the person responsible
After taking all reasonable measures to this effect, I declare that, to the best of my knowledge, the information contained in this Registration Document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I declare that, to the best of my knowledge, the financial statements are drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of all the companies included in the consolidation scope, and that the management report, the contents of which are indicated in the cross-reference table on page 354, gives a true and fair view of changes in the business, results and financial position of the company and of all the companies included in the consolidation scope as well as a description of the main risks and uncertainties faced by those companies.

I have obtained from the statutory auditors of the financial statements, KPMG Audit and Ernst & Young et Autres, a completion letter, in which they indicate that they have audited the financial position and the financial statements provided in this document and read the entire document.

Executed in Strasbourg, May 6, 2014

Mr. Michel Lucas, Chairman of the Board of Directors of Caisse Fédérale de Crédit Mutuel.

Declaration of the person responsible
After taking all reasonable measures to this effect, I declare that, to the best of my knowledge, the information contained in this Registration Document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I declare that, to the best of my knowledge, the financial statements are drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of all the companies included in the consolidation scope, and that the management report, the contents of which are indicated in the cross-reference table on page 356, gives a true and fair view of changes in the business, results and financial position of the company and of all the companies included in the consolidation scope as well as a description of the main risks and uncertainties faced by those companies.

I have obtained from the statutory auditors of the financial statements, KPMG Audit and Ernst & Young et Autres, a completion letter, in which they indicate that they have audited the financial position and the financial statements provided in this document and read the entire document.

Executed in Strasbourg, May 6 2014

IX.4 - Statutory Auditors

IX.4.1 - Statutory Auditors

IX.4.1.1 - Principal Statutory Auditors

ERNST & YOUNG et AUTRES, member of the Regional Institute of Accountants of Versailles – represented by Olivier Durand – 1/2, place des Saisons – 92400 Courbevoie-Paris-La Défense 1.

Start date of first term of office: September 29, 1992.
Current term of office: six financial years with effect from May 12, 2010.
Renewal: the Shareholders' Meeting renewed the term of office of Ernst & Young et Autres as Statutory Auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

KPMG AUDIT, member of the Regional Institute of Accountants of Versailles, represented by Arnaud Bourdeille – 1, cours Valmy – 92923 PARIS-LA-DEFENSE Cedex.

Start date of first term of office: September 29, 1992.
Current term of office: six financial years with effect from May 12, 2010.
The Shareholders' Meeting appointed KPMG as Statutory Auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

IX.4.1.2 - Alternate Statutory Auditors:

Cabinet Picarle & Associés, Malcom McLarty

IX.4.1.3 - Resignation and non-renewal

Not applicable

IX.5 - BFCM Registration document cross-reference table

In order to facilitate the use of the registration document, the following cross-reference table identifies the main headings required by Annex 11 of European Regulation No. 809/2004 pursuant to the "Prospectus Directive".

Table de document cross-reference table **Chapters of Annex XI of European Regulation No. 809/2004**	**PAGES**
Chapter I - Persons responsible	
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1.2 Declaration of person responsible	352
Chapter II - Statutory auditors	
2.1. Statutory auditors	353
2.2. Resignation and non-renewal	353
Chapter III - Risk factors	
3.1. Risks affecting the issuer	187-216
Chapter IV - Information about the issuer	
4.1. History and development of the company	29-31
4.1.1. Issuer's legal name and commercial name	347
4.1.2 BFCM's place of incorporation and registration number	347
4.1.3 BFCM's date of incorporation and term	347
4.1.4 Registered office, legal form, legislation governing BFCM's activities, country of incorporation, telephone number of BFCM's registered office	347
4.1.5 Recent events specific to BFCM having a material impact on the measurement of its solvency	347
Chapter V - Business overview	
5.1 Main activities	
5.1.1 Principal activities	17-29
5.1.2 New products and/or activities	15
5.1.3 Principal markets:	15
5.1.4 Basis for any statements in the registration document made by the issuer regarding its competitive position	15
Chapter VI - Organizational structure	
6.1 Description of the company and of the Group	10-12
6.2 Dependency of the issuer on other entities within the Group	326
Chapter VII - Trend information	
7.1 Statement on BFCM's prospects	186
7.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	186
Chapter VIII - Profit forecasts or estimates	350
Chapter IX - Administrative, management and supervisory bodies	
9.1 Names and functions of the members of administrative bodies, BFCM management and significant main activities exercised outside of management	33-41
9.2 Conflicts of interest of the members of the administration, management and supervisory bodies	44
Chapter X - Major shareholders	
10.1 Indications as to whether BFCM is directly or indirectly controlled by the Group (CM11-CIC) and description of the nature of such control.	325-326
10.2 Knowledge by BFCM of an agreement likely to result in a change in control	326

Pursuant to Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the General Regulations of the Autorité des Marchés Financiers, the following items are included by way of reference:

- The consolidated financial statements together with the management report and the statutory auditor's report on the consolidated financial statements for the year ended December 31, 2012, and an extract from the company accounts comprising the management report for the year ended December 31, 2012, respectively presented for the CM11-CIC group on pages 46 to 60, 80 to 148 of the CM11-CIC group annual financial report –year 2012, filed with AMF on August 1, 2013 under No. R.13-038.
- The consolidated financial statements together with the management report and the statutory auditor's report on the consolidated financial statements for the year ended Monday, December 31, 2012, and an extract from the company accounts comprising the management report for the year ended Monday, December 31, 2012, presented on pages 76 to 121, 48 to 55, 122 to 123 and 124 to 158 of the registration document filed with the AMF on April 25, 2013 under No. D.13-0423.
- The consolidated financial statements together with the management report and the statutory auditor's report on the consolidated financial statements for the year ended December 31, 2011, and an extract from the company accounts comprising the management report for the year ended December 31, 2011, presented on pages 99 to 180, 30 to 39, 59 to 98 and 181 to 191 of the registration document filed with the AMF on April 25, 2012 under No. D.12-0414, and updated on October 23, 2012 under No. D.12-0414-A01.

The following thematic table identifies principal information required in the annual financial report pursuant to Article L.451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the AMF's general regulations.

Information on the activities and results of the subsidiaries and companies controlled (Article L233-6 of the French Commercial Code)	329-339
Trends and outlook	186
Financial information relating to BFCM's financial statements	269-298
Financial information relating to BFCM group's consolidated statements	217-263
Appendix to the management report (list of mandates and functions exercised during the 2013 financial year (article L225-102-1 of the French Commercial Code)	33-41
Corporate social and environmental responsibility and related Auditors' Report	303-322
Financial statements	
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Statutory Auditors' report on the parent company financial statements	301
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Statutory Auditors' Report on the Consolidated Financial Statements	264

***Pursuant to Articles 212-13 and 221-1 of the AMF's General Regulations, the following information is also published**:*	
• statutory auditors' fees	263
• the Chairman of the Board of Directors' report on the conditions for preparing and organizing the Board's work and internal control procedures, together with the related Statutory Auditors' report	44-56

IX.6 – CM11-CIC group registration document cross-reference table

In order to facilitate the use of the registration document, the following cross-reference table identifies the main headings required by Annex 11 of European Regulation No. 809/2004 pursuant to the "Prospectus Directive".

Table de document cross-reference table **Chapters of Annex XI of European Regulation No. 809/2004**	**PAGES**
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2.2. Resignation and non-renewal	353
Chapter III - Risk factors	
3.1. Risks affecting the issuer	NA
Chapter IV - Information about the issuer	
4.1. History and development of the company	NA
4.1.1. Issuer's legal name and commercial name	NA
4.1.2. Place of incorporation and registration number	NA
4.1.3. Date of incorporation and term	NA
4.1.4 Registered office, legal form, legislation governing activities, country of incorporation, telephone number of registered office	NA
4.1.5 Recent events specific having a material impact on the measurement of its solvency	NA
Chapter V - Business overview	
5.1 Main activities	
5.1.1 Principal activities	17
5.1.2 New products and/or activities	15
5.1.3 Principal markets:	15
5.1.4 Basis for any statements in the registration document made by the issuer regarding its competitive position	15

Chapter VI - Organizational structure	
6.1 Description of the company and of the Group	10
6.2 Dependency of the issuer on other entities within the Group	NA
Chapter VII - Trend information	
7.1 Statement on CM11-CIC group's prospects	86
7.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	86
Chapter VIII - Profit forecasts or estimates	86
Chapter IX - Administrative, management and supervisory bodies	
9.1 Names and functions of the members of administrative bodies, BFCM management and significant main activities exercised outside of management	NA
9.2 Conflicts of interest of the members of the administration, management and supervisory bodies	NA
Chapter X - Major shareholders	
10.1 Indications as to whether BFCM is directly or indirectly controlled by the Group (CM11-CIC) and description of the nature of such control.	NA
10.2 Knowledge by BFCM of an agreement likely to result in a change in control	NA
Chapter XI - Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
11.1 Historical financial information	NA
11.2 Financial statements	107
11.3.1 Report of statutory auditors on historical financial information	154
11.3.2 Other information verified by the statutory auditors	NA
11.3.3 Financial information appearing in the registration document that is not drawn from the issuer's audited financial statements	349
11.4 Date of latest financial information	NA
11.5 Interim financial information	NA
11.5.1 Interim financial information	NA
11.6 Legal and arbitration proceedings	NA
11.7 Material changes in the issuer's financial position	(1)
Chapter XII - Material contracts	NA
Chapter XIII - Third-party information and statements by experts and declarations of any interest	NA
Chapter XIV - Documents available to the public	
14.1 Documents available to the public	352
14.2 Person responsible for the information	352

(1) To date no legal and arbitration proceedings that are ongoing in an entity of CM11-CIC Group is likely to have significant effects on the financial situation or the profitability of CM11-CIC Group.

The following thematic table identifies principal information required in the annual financial report pursuant to Article L.451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the AMF's general regulations.

Cross reference table of the registration document with information required in the annual report	**PAGES**
Declaration by the person responsible for the registration document	
Board of Directors' management report	
Financial review of 2013	63
Board of Directors	NA
Main activities CM11-CIC	17
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L233-6 of the French Commercial Code)	
Trends and outlook	86
Financial information relating to CM11-CIC group's financial statements	NA
Financial information relating to CM11-CIC group's consolidated financial statements	62
Appendix to the management report (list of mandates and functions exercised during the 2012 financial year (article L225-102-1 of the French Commercial Code)	NA
Corporate social and environmental responsibility and related Auditors' Report	NA
Financial statements	
Company financial statements	NA
Statutory Auditors' report on the parent company financial statements	NA
Consolidated financial statements	107
Statutory Auditors' Report on the Consolidated Financial Statements	154

Pursuant to Articles 212-13 and 221-1 of the AMF's General Regulations, the following information is also published*:*	
• statutory auditors' fees	153
• the Chairman of the Board of Directors' report on the conditions for preparing and organizing the Board's work and internal control procedures, together with the related Statutory Auditors' report	NA