Crédit Mutuel
Groupe CM11

REGISTRATION DOCUMENT 2014

CM11 GROUP

Crédit Mutuel
Banque Fédérative du Crédit Mutuel

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

The French-language version of this registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) under number R.15-047 on 05/29/2015 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 memorandum (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. 621-1-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 is consistent. This does not mean that the AMF has authenticated the accounting and financial information presented.

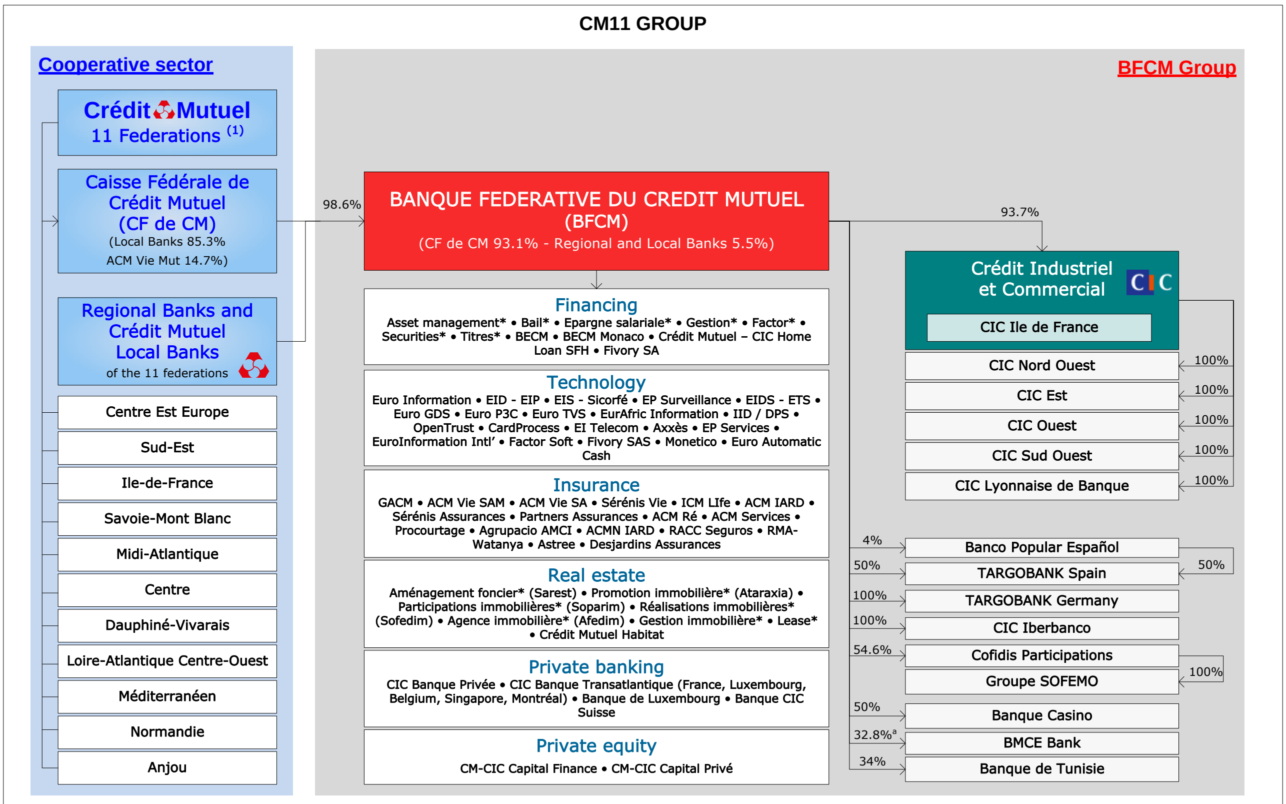
INTRODUCTION

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, the Banque Fédérative du Crédit Mutuel (BFCM) prepared an information document presenting the whole Group. BFCM wishes to give the same level of information to all of its investors located in Europe, in North America and in the Asia Pacific region. Also, for the sake of clarity, BFCM decided to prepare a registration document presenting the financial information of both the CM11 Group and the BFCM Group. This document will be used for all of BFCM's funding programs (Euro Medium Term Notes Program, US Medium Term Notes Program, Euro Commercial Paper and Negotiable Debt Securities).
This Registration Document also serves as the annual financial report of Banque Fédérative du Crédit Mutuel.

CM11 Group

Operating under the name CM11 Group[1], the cooperative sector (or regulatory scope) and the capital division (or BFCM Group) are complementary and interconnected. The cooperative sector controlling shareholder of BFCM Group consists of the Crédit Mutuel Caisses (Local Banks) of the 11 federations, which are also a vital network for marketing the products and services of BFCM's specialized subsidiaries; these subsidiaries then pay commission to the Local Banks in return for the deal flow.

Presentation of CM11 Group organization



(1) Centre Est Europe ; Sud-Est ; Ile-de-France ; Savoie-Mont Blanc ; Midi-Atlantique ; Centre ; Dauphiné-Vivarais ; Loire-Atlantique et Centre-Ouest ; Méditerranéen ; Normandie ; Anjou
* CM-CIC subsidiaries
(a) direct and indirect holding

Some legal entities listed in the above presentation are reflected as such in the presentation of CM11 group business (I.1.3 point) because they operate on the same business (Insurance, Private Banking and Capital Development). Other entities such BFCM and CIC may operate in several business through specific departments (Markets, Large corporates, Specialized Financing ...)

[1] In the following document, the word "group" can be used alone but should be understood as "CM11 group"

CM11'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 CM11 group's NBI with BFCM group's NBI as of 12/31/2014

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

(in € millions)	
CM11's NBI	**11,973**
Companies excluded from BFCM's consolidated scope	**-4,080**
in the Retail banking business line (regulatory scope [1], etc.)	*-3,020*
in the Insurance business line	*-46*
in the Logistics business line: IT subsidiaries	*-940*
in the Logistics business line: other	*-74*
Consolidation adjustments	**562**
BFCM's NBI	**8,456**

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

The cooperative sector or the regulatory scope

The cooperative sector consists of the Crédit Mutuel Caisses, the Crédit Mutuel federations and Caisse Fédérale de Crédit Mutuel. It controls BFCM. These entities are involved in the same bank code (10278), hence the name "regulatory scope" used to refer to the cooperative sector. The Regional Banks and Crédit Mutuel Local Banks of the 11 Federations (5.5%) and the Caisse Fédérale de Crédit Mutuel (93.1%) control BFCM.

The Crédit Mutuel Caisses, or Local Banks

The Crédit Mutuel Caisses, cooperative associations in certain French departments (57 - Moselle, 67 - Bas-Rhin, 68 - 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 stock-owning members, who are both members and customers. Legally autonomous, these local Caisses 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 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 Caisses, in accordance with the French Monetary and Financial Code.

Caisse Fédérale de Crédit Mutuel is responsible for the regulatory scope'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 Caisses, 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 scope of the cooperative sector includes the Crédit Mutuel federations that have established partnerships authorized by the supervisory authorities and that resulted in making Caisse Fédérale de Crédit Mutuel (formerly Caisse Fédérale du Crédit Mutuel Centre Est Europe) the common Caisse 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).

The capital division or BFCM Group

This Group consists of:

- Banque Fédérative du Crédit Mutuel, a holding company of the CM11 Group that also carries out financing and capital markets activities;
- Crédit Industriel et Commercial, the holding company for 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 markets activities;
- specialized institutions by business line in France and abroad.

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

Corporate governance of CM11 Group

CM11 Group does not have a single deliberative body. Each Crédit Mutuel Caisse appoints a Board of Directors made up of volunteer members elected by stock-owning members at a general meeting. From among these members, the Caisses elect their representative to the District, a body that jointly represents a group of Crédit Mutuel Caisses; 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 Caisses. This quality enables them to become a member of the Board of Directors of 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 Group.

Given this organizational structure, the section "Corporate Governance of CM11 Group and BFCM" will limit itself 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 will apply to both the CM11 Group as well as BFCM Group.

Mutual support system within the Crédit Mutuel Group and the cooperative sector of CM11 Group

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 confederal levels.

System at the regional group level

The mutual support system in place within the cooperative sector of 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 stock-owning members within the limit of the nominal value of the shares they hold.
This 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". 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 the said remuneration.
These subsidies are repayable on a return to better fortune. 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 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 Confédération Nationale du Crédit Mutuel may decide upon 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.

Crédit Mutuel Group

The regional groups

The Crédit Mutuel Group is made up of 18 regional groups:

- 11 regional groups gathered around the Caisse Fédérale de Crédit Mutuel : 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 ;
- 3 regional groups together forming the Caisse Interfédérale Arkéa : Bretagne (Brest), Massif Central (Clermont-Ferrand) and Sud-Ouest (Bordeaux) ;
- The regional group Antilles-Guyane (Fort de France) ;
- The regional group Maine-Anjou, Basse-Normandie (Laval) ;
- The regional group Nord Europe (Lille) ; and
- The regional group Océan (La Roche sur Yon).

A regional group comprises a regional Federation and a Caisse Fédérale (federal bank). These groups can be interfederal, as is the case for the Caisse Fédérale de Crédit Mutuel and the Caisse Interfédérale Arkéa.

The local Caisses (local banks) and Caisse Fédérale (federal bank), of which they are the shareholders, are members of the federation.

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

The Federations and Caisse Fédérale are administered by Boards of Directors elected by the local Caisses.

The national confederation and Caisse Centrale

The national confederation (Confédération Nationale) – which has the legal form of an association – is the central body for the network as defined in the French Monetary and Financial Code. The 18 Federations and Caisse Centrale du Crédit Mutuel are affiliated.
The national confederation represents Crédit Mutuel in its relations with the authorities, and defends and promotes its interests. It is responsible for the proper operation of its affiliates and controls the regional groups. It ensures the network's consistency, oversees its development and offers shared services of common interest.

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 Caisses Fédérales.

CONTENT

I. PRESENTATION OF CM11 GROUP AND BFCM GROUP

I.1 - CM11 Group and BFCM Group

The mutual banking division (or the regulatory scope) and the capital division (or BFCM Group) together make up CM11 Group.

- The cooperative sector or the regulatory scope 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 grouping owns some 99% of Banque Fédérative du Crédit Mutuel.
- The capital division or BFCM Group consists of:
  - Banque Fédérative du Crédit Mutuel, CM11 Group's holding company, which owns a 93.7% equity interest in Crédit Industriel et Commercial (CIC) and also performs financing and capital markets 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 markets activities;
  - institutions specialized by business line in France and abroad.

CM11 Group has 23.5 million customers, 4,539 points of sale and 65,571 employees.

I.1.1 - The cooperative sector

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

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

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

Initially serving the Caisses of the Crédit Mutuel Centre Est Europe (CMCEE) federation, 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 Caisses 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 1,392 Caisses, 2,016 points of sale and 6.8 million customers, including 4.5 million stock-owning members in 83 French departments, with a combined population of more than 45 million.

The 11 federations, the local Crédit Mutuel Caisses which are members of their respective federations and the Caisse Fédérale de Crédit Mutuel, together make up the regulatory scope, also known as the cooperative sector or CM11 Group. The Regional Banks and Crédit Mutuel Local Banks of the 11 Federations (5.5%) and the Caisse Fédérale de Crédit Mutuel (93.1%) control 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 Caisses, Caisse Fédérale de Crédit Mutuel and the federations) from the diversified operations controlled by BFCM, a holding company.

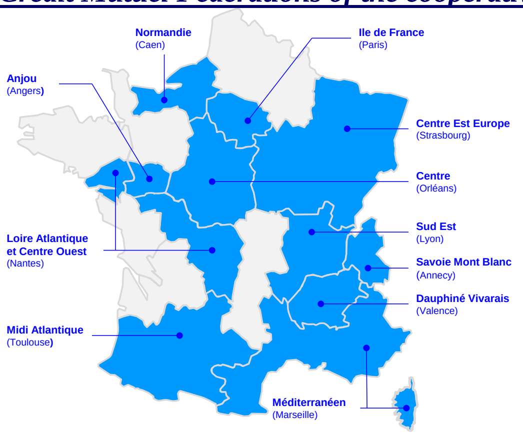
BFCM is therefore the parent company of the group's subsidiaries and coordinates their activities. These subsidiaries are active in finance, insurance, electronic banking and information technology. BFCM performs the central refinancing function on behalf of CM11 Group. It is responsible for financial 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:

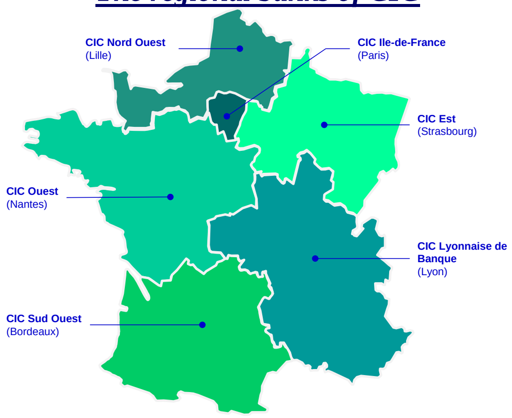
- 93.7% of Crédit Industriel et Commercial, CIC Group's holding company and head bank of the network, which also carries out investment, financing and capital markets activities;
- 52.8% of Groupe des Assurances du Crédit Mutuel (GACM SA), which in particular controls ACM IARD SA and ACM Vie SA and designs 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.

<u>The 11 Crédit Mutuel Federations of the cooperative sector</u>



<u>The regional banks of CIC</u>



CM11 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)
- EurAfric Information

GERMANY
- BFCM Francfort
- BECM Francfort, Düsseldorf, Stuttgart, Hambourg
- 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)

SINGAPORE
- CIC branch

SWITZERLAND
- CIC Switzerland

GREAT-BRITAIN
- CIC branch (London)

ITALY
- Cofidis Italy

PORTUGAL
- Cofidis Portugal

HUNGARY
- Cofidis Hungary

SLOVAKIA
- Cofidis Slovakia

CZECH REPUBLIC
- Cofidis Czech republic

CANADA
- Desjardins Insurances
- Monetico

United States of America
- CIC branch

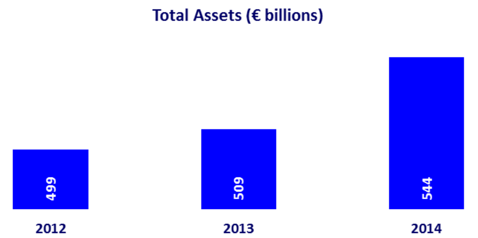
I.2 - Key figures – Solvency ratio and ratings – Asset Quality Review

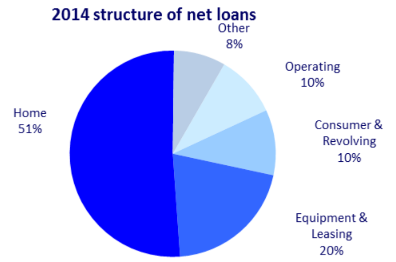
The 2013 figures have been restated pursuant to IFRS 10/11

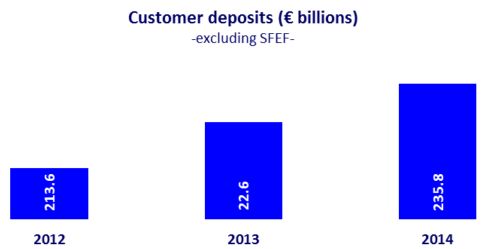
CM11 Group

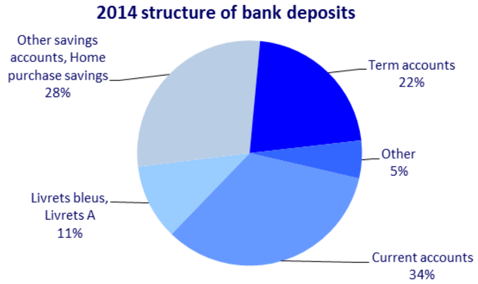
	2014	2013	2012
Net banking income	**11,973**	11,894	11,462
Operating income	**3,555**	3,421	3,040
Net income	**2,415**	2,214	1,823
Net income attributable to the G	**2,179**	2,011	1,622
Cost-to-income ratio[1]	**63%**	62%	64%

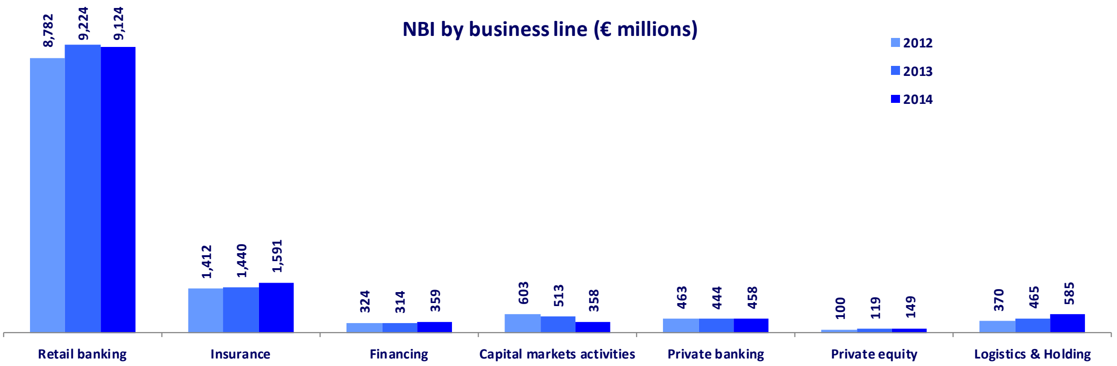
(1) Ratio of overheads to net banking income





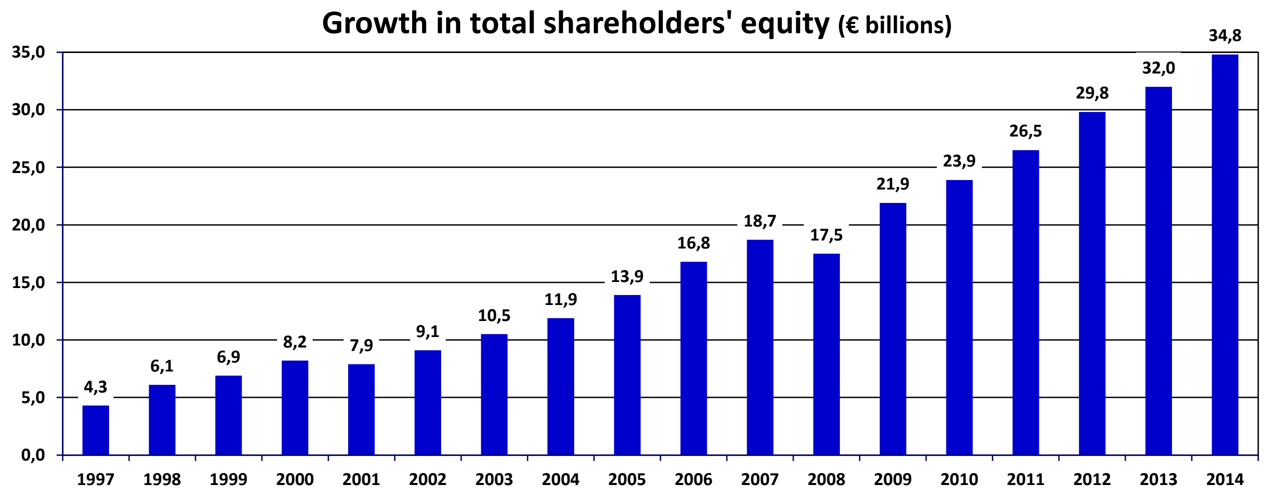






CM11 Group European solvency ratio

As at December 31, 2014, CM11 Group's reported equity totaled €34.8 billion and Common Equity Tier 1 capital was €26.3 billion.



CM11 Group's Common Equity Tier 1 capital ratio under the transitional measures came out at 14.50% and the "full" Common Equity Tier 1 capital ratio at 14.4%, one of the best on a European level. The overall ratio was 17.90% and the leverage ratio 4.9%.

As of 12/31/2014	Basel 3*
CET1 capital ratio	14.40%
Overall ratio	17.50%
Leverage ratio** (minimum ratio of 3% to be complied with by January 1, 2018)	6.10%

* as required under CRR/CRD4, excluding transitional provisions

** recalculated as of 01/01/2015 with application of the European Commission's delegated act of 10/10/2014

BFCM ratings

In 2014, the rating agencies confirmed the Banque Fédérative du Crédit Mutuel's long-term rating. The Group's ratings remain among the highest assigned to any French bank, and bear witness to its solid financial structure.

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

European supervision – Results of Asset Quality Review (AQR) and Crédit Mutuel Group Stress Test

First launched in late 2013 by the European Central Bank, the prudential risk assessment (asset quality review and stress tests) kept employees throughout the Crédit Mutuel Group very busy.

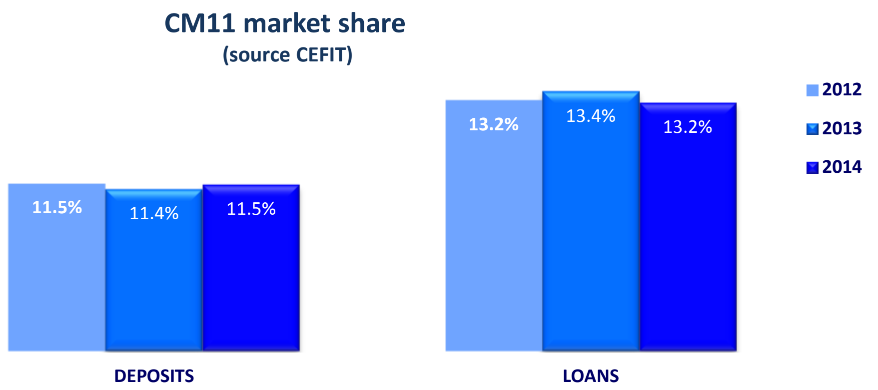
The results of this detailed assessment cast a favorable light on the mutual bank's management model and confirm its strong financial health. Indeed, the impacts of the asset quality review and stress test on the Crédit Mutuel Group's CET1 capital ratio were 0.1% and 0.9%, respectively, giving a CET1 ratio 2016 of 12.9% in the adverse scenario, one of the best among large banks in the euro zone.

I.3 - CM11 Group organization and business lines

CM11 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 competitive positioning[2] 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% market share for bank loans and a 15% market share for deposits.

CM11 Group's market share for deposits and bank loans remained generally stable in 2014, at 11.5% and 13.2%, respectively.



The Group did not market new products or carry out new activities in 2014.

[2] The sources of the rankings are explicitly stated; otherwise the information is based on internal sources.
CEFIT: Centralisations Financières Territoriales – Banque de France.

I.3.1 – Presentation of CM11 Group businesses

I.3.2 - The group's business lines, main subsidiaries and activities

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

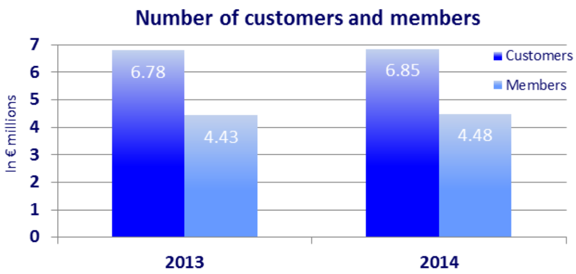
Retail banking is CM11 Group's core business and represents 70% of its net income. It includes the local Crédit Mutuel banks, the CIC banking network, Banque Européenne du Crédit Mutuel, CIC Iberbanco, the Targobank branches in Germany and Spain, Cofidis Participations, Banque Casino and all the specialized 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.

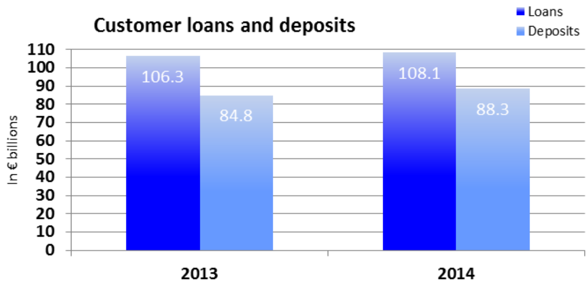
The sales performance of all these activities was strong. Bank deposit intake – one of the Group's priorities for greater refinancing of its loans through internal resources – rose by 4.4%, i.e. growth in line with that recorded in 2013. Outstanding loans also increased, albeit at a slower pace (+1.8% compared with +2.8% in 2013).

I.3.2.1.1 - CM11 Group retail banking networks

CM11 banking network

The CM11 banking network, also called the regulatory scope, continued to serve the needs of its customers: individuals, associations, self-employed professionals and corporates. The number of customers increased by 63,000 to 6.85 million. Some 48,000 customers became stock-owning members. This means that 7 out of 10 customers will be able to actively participate in the decisions affecting their local mutual bank at shareholders' meetings with respect to 2014.

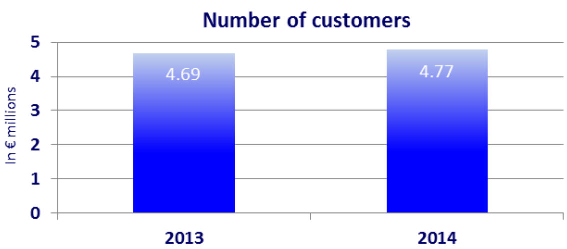


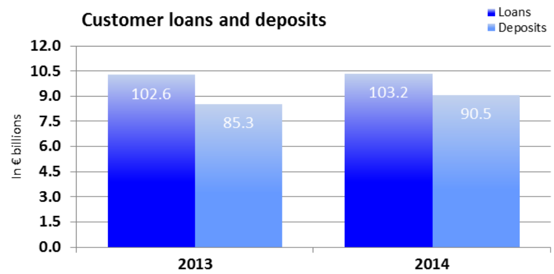


Outstanding loans increased by €1.8 billion (+1.7%), reflecting chiefly a €1.3 billion or +1.6% rise in housing loans. Total outstanding loans were €108.1 billion. Bank deposits increased by nearly €3.6 billion, bringing total deposits to more than €88.3 billion (+4.2%). New deposits on current accounts and home savings accounts accounted for the bulk of this increase. Savings (securities, UCITS, life insurance) also performed well, increasing by 3.8% to €43.1 billion thanks to strong growth in life insurance products.

CIC banking network

Retail banking is CIC's core business. As of December 31, 2014 it comprised 2,047 branches and 4.77 million customers (+88,000 units, i.e. +1.9% compared with end-December 2013).





Outstanding loans increased by 0.5% to €103.2 billion at December 31, 2014. Excluding short-term credit facilities, which are down 4.0%, the various types of loan outstanding have grown, particularly equipment loans which rose 2.1%. Housing loans increased by 0.1%.

Bank deposits reached €90.5 billion (+6.0% compared with end-December 2013). Current accounts, certificates of deposit and term deposits as well as home savings accounts grew respectively by 10.6%, 6.3% and 9.1%. Regulated savings accounts were stable (+0.1%). Financial savings increased by 2.2% to €56.6 billion.

Banque Européenne du Crédit Mutuel (BECM)

The BECM is a banking network on a national and European level which complements the Crédit Mutuel local mutual banks and works with the CIC regional branches. It operates in four main markets:

- large and mid-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;
- flow management for large accounts in the retail, transportation and services sectors.

Serving 21,200 customers, it has a 47-branch network predominantly in France and Germany.

Despite the ongoing movement by companies and real estate firms into bond issues, loans drawn rose 5.8% to €10.6 billion.

Building on CM11 Group's financial strength, BECM continued to post a significant increase in deposits, which rose by 28.1% to €8.3 billion. These improvements resulted in a further €0.9 billion reduction in the liquidity gap as of the closing date.

CIC Iberbanco

With 139 employees working in its 29 branches in Ile-de-France, the greater Lyon region and the south of France (Bordeaux, Bayonne, Midi-Pyrénées and Languedoc Roussillon), CIC Iberbanco acquired more than 3,300 new customers, bringing the total number to 43,400.

Customer savings deposits increased by 9.1% to €525 million. Total outstanding loans came to €471 million, an increase of more than 19%.

The insurance and telephony activities are trending favorably, with 18,607 (+11.6%) and 3,913 (+17.9%) contracts, respectively.

Targobank Germany

Targobank continued to grow its business in 2014. Thanks to the integration of the portfolio of retail bank Valovis Bank, absorbed on May 30, 2014, the bank now has more than 4 million customers and, with more than 1.4 million credit cards in circulation, is becoming one of the main credit card issuers on the German market.
In terms of organic growth, Targobank opened 12 new branches during the year, bringing the total number of points of sale to 363 at December 31, 2014.

At end-December, the bank's outstanding loans amounted to €11 billion, up €466 million (+4.4%) compared with December 31, 2013. The integration of the Valovis portfolio (€226 million in outstanding loans at end-December) combined with personal loan production amounting to more than €2.6 billion, in line with the 2013 figure, explains this firm growth.

The bank also stepped up the development of its auto loan portfolio, available on line since January 2012 and now offered at the dealer partners' points of sale. Outstanding auto loans totaled €89 million at December 31, 2014 (+52% compared with end-December 2013).

Bank deposit volumes also rose (€309 million / +2.7% year on year), due to the integration of the Valovis portfolio (€120 million at December 31) and despite the ongoing decline in the average interest rate paid to customers (-28bp year on year). At end-December 2014, the bank thereby totaled €11.6 billion in bank savings, thus maintaining its surplus position in terms of deposits, with a loan-to-deposit ratio of 97%.

Lastly, the wealth management business maintained a stable pace of growth. Financial savings totaled €9.4 billion at year-end, up +5.9% or €527 million year on year.

I.3.2.1.2 - Ancillary businesses to retail banking

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

Consumer credit

COFIDIS Group

Cofidis Participations, which is 54.6%-owned by Banque Fédérative du Crédit Mutuel, 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 four 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;
- Sofemo, a specialist in installment loans and vendor credit;
- Monabanq, the CM11 Group online bank; and
- Creatis, a specialist in consumer credit consolidation.

Financing was relatively stable, up 0.5% compared with 2013, with significant growth abroad (Belgium, Spain, Portugal and Italy) and a decline in France, where household consumption remains fragile.

Factoring and receivables management

CM-CIC Factor is the subsidiary of CM11 Group specializing in the management and financing of customer and supplier accounts. It provides short-term financing for companies, in France and abroad, with a line of factoring and assignment solutions for disclosed trade receivables.

For factoring and receivables management, CM-CIC Factor increased its market share for the sixth consecutive year with:

- a 23% increase in the volume of purchased receivables, to €26.3 billion;
- €1.9 billion in export revenues (up 19.6%);
- gross outstandings at year-end of €4.2 billion (up 13%); and
- some 11,300 active customers.

The business development with the Crédit Mutuel Group banking network generated €39.5 million in new business and risk commissions (up 10%).

Leasing

CM-CIC Bail

In a sluggish investment financing market, CM-CIC Bail registered a strong 2014: 108,318 applications were set up amounting to some €3.6 billion, meeting the investment needs of companies, businesses and self-employed professionals.

In France, production in the Crédit Mutuel and CIC networks was firm, particularly in the field of vehicle financing. Around 23% of business is conducted abroad, by subsidiaries in Benelux and Germany.

The first year of the new medium-term plan enabled:

- roll-out to begin for the new automotive offering;
- preparations to be made for the opening of a branch in Spain;
- actions to be stepped up around the strategic levers – the development of commercial activity and maintenance of high levels of competitiveness and profitability;
- the quality strategy to be pursued as part of the 'service attitude' project.

CM-CIC Lease

Production in the networks was high, reaching some €630 million with 278 new real estate lease financing agreements for its customers. This enabled CM-CIC Lease to increase total financial and off-balance sheet outstandings to more than €4 billion (+7%) in 2014. This is a 33% rise since 2010.

The business was diversified, but focused primarily on logistics depots, warehouses and industrial premises (39.4% combined), office buildings (24.4%) and commercial premises (22.1%). The distribution of the outstandings remains practically unchanged, with 65.6% for logistics depots, warehouses and industrial premises. The remainder concerns very diverse sectors: office space, healthcare, hotels, recreation and education.

CM-CIC Lease aims to pursue its policy built on proximity and partnership with the Group's customers, SMEs, mid-caps and large and medium-sized companies, thanks in particular to the control of processing times and technical aspects relating to the implementation of transactions. To this end, CM-CIC Lease was the leader, in nearly 60% of cases, in new pooled transactions with other lessors in 2014.

Fund management and employee savings

CM-CIC Asset Management

In 2014, backed by a new organization and the conversion of CM-CIC Gestion into a subsidiary, CM-CIC Asset Management was able to develop synergies to maximize its advantages across networks and business lines. The work that began in 2013 to streamline this range of services was continued in 2014, with the ultimate reorganization of management teams and the full integration of new themes for a more dynamic and targeted offering better suited to the needs of network customers. The enhancement of the multi-strategies range is a good example of this, through two funds. Union Dynamique Moyen Terme was, specifically redesigned for institutional clients, and Union Alpha+ was created for private banking and wealth management clients, through the expertise of CM-CIC Gestion, as a diversification from unit-linked life-insurance policies. The launch of two new funds, CM-CIC Global Leaders and CM-CIC Global Ressources, completes the international range, which is now managed by a dedicated team. In a difficult environment, the fixed-income teams of CM-CIC Asset Management were able to control assets under management and preserve margins.

The year 2014 was marked by a number of commercial operations carried out in close cooperation with the networks, such as the launch of stock-saving plans aimed at small and medium-sized companies at the beginning of the year, various campaigns regarding formula-based funds and a comprehensive SRI plan. The implementation of regular animation tools in video and audio format contributed to the educational efforts undertaken by the networks in terms of financial savings. International development was continued with increased, regular inflows via Targobank Germany, to reach assets under management of €175 million at end-2014.

Lastly, some significant requests for proposal (nearly €2 billion) were won by the teams at CM-CIC Asset Management, CM-CIC Épargne Salariale and the large corporates and institutional department.
CM-CIC Asset Management was also able to respond and adapt in an increasingly restrictive legal environment. The AMF approved the work undertaken, through the delivery of the AIFM approval on July 8, 2014.

New projects are underway in 2015, such as the reorganization of a flexible offering for wealth management clients and the launch of the first funds for Targobank Spain and Caisses Desjardins abroad. The main objectives for CM11 Group's asset manager in 2015 are the protection of customers' assets and improving services to the networks, with priority given to the medium and long term.

CM-CIC Epargne Salariale

At year-end 2014, CM-CIC Épargne Salariale, the employee savings business center for CIC and Crédit Mutuel, had:

- €6,979 billion in managed savings (+6.8%);
- 71,453 corporate customers (+7%);
- 1,352,778 employees with savings under management.

The increase in savings was due to net inflows of more than €200 million and the valuation of savings increasing by €232 million. 2014 inflows are equivalent to those recorded in 2013, i.e. €972 million. The 2014 period saw sharp outflows due to government measures and withdrawal requests slowed significantly.

Commercial business slowed, falling 12% in terms of new business compared with 2013. 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.

Other

Real Estate (CM-CIC Immobilier SAS)

The CM-CIC Immobilier subsidiary, which employs 174 people, 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 on behalf of investors through CM-CIC Gestion Immobilière. It also participates in financing rounds related to real estate development transactions through CM-CIC Participations Immobilières.
During 2014, 5,267 housing units and 645 building sites were reserved via CM-CIC Immobilier.

Crédit Mutuel-CIC Home Loan SFH

Crédit Mutuel-CIC Home Loan SFH accounted for 16% of the medium and long-term funds raised on the markets by the Group in 2014 (excluding TLTROs); thereby effectively supporting the BFCM name under which the bulk of the transactions were carried out.

Throughout the year, €3,014 million was raised, mainly through two significant public issuances carried out in the first half year and which were very favorably received by international investors:

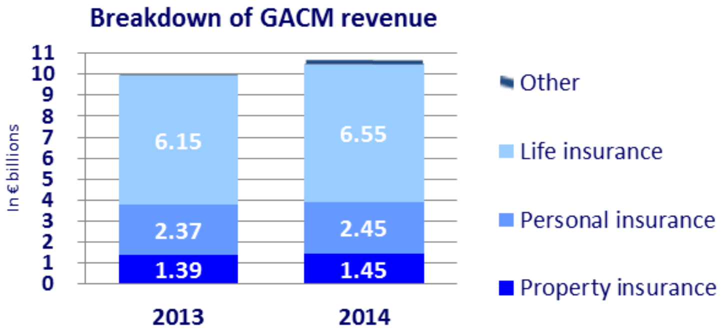
- €1.5 billion in a 5-year issuance (January 2014);
- €1.0 billion in a 10-year issuance (June 2014).

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 Group at both the sales and technical levels. GACM serves more than 8.6 million holders of 26.2 million policies, up from 8.4 million and 25.7 million, respectively, in 2013.

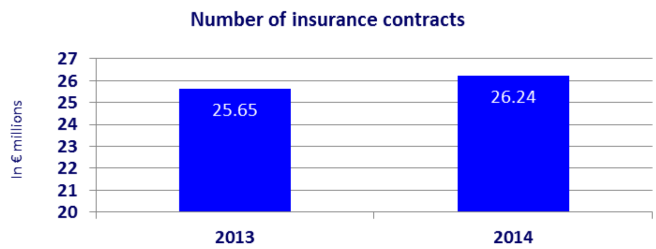
As a continuation of the measures taken in 2013, the new shape of the insurance market is still being defined. The regulations relative to the French multi-sector national agreement (Accord National Interprofessionnel) are being determined with the publication of the decree on the benefit basket. The Consumer law (known as the Hamon law), enacted in March, introduces the notion of sub-annual termination of creditor insurance contracts and, after the first year of insurance, allows auto and home insurance contracts to be terminated at any time.

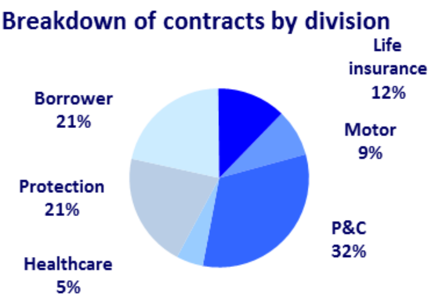
In this economic environment, Group CM11's insurance business line once again posted an excellent level of business. The networks subscribed more than three million new insurance contracts and recorded historical production levels in the auto segment.
Revenue reached €10.46 billion, i.e. 5.4% growth in line with the French market.



Premium income from life insurance and insurance-based savings products totaled more than €6.5 billion, a 6.6% increase. Combined with stable claims, this growth resulted in net inflows of some €2 billion.

Property and casualty insurance business continued its growth momentum. The auto and home insurance segments outperformed the market again, posting growth of 3.2% and 7.6%, respectively. In home insurance, the year was marked by the new Corail 4.14 contract, which was received very favorably. Personal insurance posted a rise in premiums of 3.4%.





In terms of claims, the number of property insurance claims decreased despite the many weather-related events during the year. This trend was nevertheless offset by economic and regulatory factors.

The deterioration of road safety indicators is reflected in an increase in serious personal injury claims in what is already an inflationary context. In addition, the background of low rates also weighed on the provisioning expense.

At January 1, 2015, Desjardins Assurances finalized the buyout of State Farm Canada. GACM took part in the transaction in the sum of CAD200 million, thereby maintaining its participation at 10% in DGAG, which has become the second largest player in the Canadian property-casualty insurance market. GACM will continue its international expansion in 2015, with new projects in Spain and Belgium.
In France, GACM will continue working to adapt its insurance solutions to the needs of its professional and corporate clients from the Crédit Mutuel and CIC networks.

I.3.2.3 - Corporate banking

Corporate banking includes the financing of large corporates and institutional clients, value-added financing (project and asset financing, export financing, etc.), international activities and financing carried out by foreign branches.
It thereby manages €11.5 billion in loans (-3.8%) and €7.7 billion in deposits (-12.2%).

I.3.2.3.1 - Large accounts: corporates and institutional investors

In France, 2014 was marked by very weak economic growth and a sluggish level of investment; in this context the strategy of major French groups was to seek growth outside the euro zone.

Liquidity on the markets remained abundant, leading the majority of large companies to renegotiate their credit lines under much more favorable financial conditions. Furthermore, bond financing, which now represents the bulk of large corporates' long-term sources of funding, continued to grow in 2014; CM11 Group enhanced its presence in the main issues (Auchan, APRR, RTE, etc.).

The financial strength of our Group, confirmed by the results obtained during the AQR stress tests carried out by the ECB after it took over supervision of the main euro zone banks from national supervisory authorities, remains a key asset in our commercial development on the large corporates and institutional investors market and, in particular, our capacity to attract funding.

In the field of means of payment, the success of the SEPA migration allowed the Group to strengthen its expertise in European cash management and in cross-border electronic payments.

Furthermore, the Large Accounts function continued to promote the Group's different areas of expertise to its customers: in employee benefits engineering (bond funds with Air Liquide and retirement benefits management with Nexter), and in real estate leasing (Safran and Air France).

Similarly, on an international level, commercial activities were strengthened through the foreign branches (for example with various French groups in the U.S., including Vallourec) and with our Canadian partner, Caisses Desjardins.

In an economic climate which is still proving difficult in 2015, Large Accounts will continue to strengthen their presence with key clients, promoting the Group's expertise and supporting them abroad.

I.3.2.3.2 - Specialized financing

Despite competition from non-banking institutions and the return to the market of a number of banks in specialist financing areas, 2014 was very strong in terms of activity.

Acquisition financing

The Group supports its clients 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 buoyant, particularly in the small and mid caps segment. Close attention was paid to the risk/return ratio on new business transactions. This cautious approach was reflected in a high-quality portfolio with a less risky profile.
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. The third-party management business continued to develop with the first closing of the private debt fund.

Asset financing

The asset financing business line (Paris, New York and Singapore) recorded a substantial rebound in production across all sectors covered. This growth is due to the ongoing controlled investment policy, supporting Group clients and winning new clients, despite the still difficult economic environment in certain sectors (shipping in particular) and increased banking competition. In this context, credit margins declined again. However, optimized financing transactions once again made a significant contribution to the result.

Project financing

2014 was very active in a highly competitive environment. Client development slowed in France but accelerated abroad. To support this, project financing opened a desk in New York. The business line confirmed its presence in the electricity sector, with ten renewable energy projects (two solar power plants in the U.S., one in France and seven wind farms in Europe, including one offshore wind farm). Also of note is the return of European projects in telecoms infrastructure, with five projects underway. The other infrastructure projects cover diverse fields, with an airport in Australia, an electricity distribution network in Finland and, in France, a heat network, a wastewater collection system and a stadium. In natural resources there is an LNG project in the U.S. and another for a uranium enrichment plan in France.
2014 production can be broken down as follows. By business sector: 33% in electricity, 26% in infrastructure, 25% in telecommunications infrastructure and 16% in natural resources. By geographic area: 69% in Europe, 17% in Asia-Pacific and 14% in America. The total portfolio of outstanding loans breaks down as follows: 41% in electricity, 39% in infrastructure, 7% in telecommunications infrastructure and 13% in natural resources.

International activities and foreign branches

The main axis of CM11 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, CM11 Group has the resources to achieve this goal.
Support for clients doing business in other countries is also provided through strategic partnerships: in Canada with Desjardins; 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 markets activities

CM-CIC Marchés carries out the Group's capital markets activities, both for its own refinancing and investment needs and for those of its clients. These activities are carried out mainly in France, but also through branches in New York, London, Frankfurt and Singapore.
The entity has both resources, allowing it to provide the financing necessary for its development, and a trading desk, for companies, local governments, large accounts and institutional or private clients who are seeking the innovative products developed by its teams. CM-CIC Marchés also acts as a service provider for other Group entities, providing them with its expertise in managing risks and financial transactions.

I.3.2.4.1 - Refinancing

The information below concerns CM11 Group's central treasury department. During 2014, the Group's solid fundamentals, which are appreciated by international investors, allowed very satisfactory access to external funding.

At end-December, market finance outstandings stood at €119 billion, up 8% compared with end-2013. This rise is mainly due to the strengthening of the LCR liquidity buffer and access to the ECB's TLTROs in the last quarter.

Short-term money market finance at year-end stood at €40.7 billion (+6%) and accounted for 34% of the total amount borrowed on the markets (compared with 35% at end-2013).

Within short-term finance, one third now comes from ECP, reflecting the continued diversification of our refinancing in this field.

The strategy for consolidating external funding has been maintained; medium and long-term loans amounted to €78.6 billion at end-2014 (including TLTROs) compared with €71.9 billion one year previously.

Meetings with investors continued not only in Europe, but also in the U.S. and Asia, particularly Japan.

The Group's recognition by investors outside Europe could be seen in 2014 in the following BFCM issues:

- $1.5 billion (U.S. 144a format) over three and five years (January);
- JPY97.2 billion (€689 million) (Samurai format) over two, three and five years raised during two issues in March and October.

These issues are a favorable addition to the two public home loan bond issues (Crédit Mutuel-CIC Home Loan SFH) of €1.5 and €1.0 billion over five and ten years respectively, launched in January and June; as well as a public issue by BFCM of €1.5 billion in March 2014.

Also noteworthy was the €1.0 billion issue of Tier 2 subordinated notes in May, carried out to protect unsecured creditors under the new bail-in regulations. Significant progress was made on the Basel III liquidity ratios (LCR and NSFR) which are now above the 100% threshold.

The LCR liquidity buffer managed by the central treasury department represented some €50 billion at end-2014; it is composed mainly of liquidity deposited with the ECB and eligible securities with a low average maturity. This liquidity may be made available extremely quickly (58% immediately and up to 92% within a few days).

Security against a prolonged shutdown of the markets has been further strengthened: at end-2014 the stock of LCR and/or ECB-eligible assets covered 165% of market resources due to mature within the next 12 months (145% at end-2013).

I.3.2.4.2 - Commercial trading

The French sales teams are based in Paris and the main regional cities. They offer network customers and large corporates solutions for hedging their risks (interest rate risk, currency risk, commodities risk), for refinancing (particularly commercial paper) and classic or structured investments. These activities are also marketed to international customers, via local entities when relevant.

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 registered firm growth in 2014, particularly through the Cigogne fund.

I.3.2.4.3 - Fixed-income – equity – credit investments (ITAC)

The teams carry out investments 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 2014, the financial markets were characterized by:

- a start of the year marked by an easing of credit spreads and improvement in risk perception in the weakest peripheral countries,

- interventions throughout the year by central banks, particularly the ECB, which pushed interest rates to very low levels, providing abundant liquidity;
- a second-half year in a tense geopolitical climate.

In this environment, positions were managed conservatively. The results of market activities in France and New York are in line with the budget and the aim of limiting the volatility of financial results and promoting commercial development.

Alternative investment products offered to customers continued to perform well, driven by the expertise of the investment business line. The alternative investment fund Stork, the main investment product, outperformed the relevant indices, with controlled volatility (10.4% annualized over 36 months). Overall outstandings sold increased by 56%.

I.3.2.4.4 - Stock market intermediation

Acting as a broker-dealer, clearing agent and custodian, the investment firm CM-CIC Securities meets the needs of corporates, asset management companies and institutional investors through three business lines. The corporate department is the core of the Group’s financial transactions business line. 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 BECM, CIC Banque Privée, CIC Banque Transatlantique, etc.

In 2014, it took part in 33 bond issues, as book runner in 22 of them. Among these issues, the team also completed private placements (EuroPP) for NGE, MGI Coutier, Albioma and Compagnie des Alpes in particular, and carried out a perpetual convertible bond issue for Assystem. The Equity Capital Markets team completed six initial public offerings (Crossject, Oncodesign, Fermentalg, Serge Ferrari Group, Visiativ and Euronext), two capital increases for Peugeot and Eurosic, and a public bid for Visiodent.

Lastly, the department also provides issuer services (financial communications, liquidity agreements and stock buybacks, financial secretariat and securities services) for more than 150 listed and unlisted companies.

Stock market intermediation can trade and settle on behalf of its customers in all European and North American equity markets as well as in numerous international emerging markets, in equities, bonds and derivatives. CM-CIC Securities also negotiates routing orders for the retail customers of the Crédit Mutuel and CIC networks.

CM-CIC Securities is a member of ESN LLP, a multi-local network comprising nine intermediaries present in nine European countries (Germany, the Netherlands, Belgium, Finland, Italy, Spain, Portugal, Greece and France) and is the majority shareholder of GSN North America (United States, Canada). The ESN network covers more than 650 European companies and has a research team of 100 analysts and strategists as well as 150 sales representatives and traders throughout Europe. For its part, CM-CIC Securities has 31 analysts and strategists, and a sales force of 28 people in Paris and Lyon and seven in New York (GSN North America). It also has a sales force of four 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 offers its customers 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 U.S. 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.

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 122 asset management companies, administers more than 26,000 individual accounts and acts as depository for more than 300 mutual funds, representing €22.5 billion in assets. The investment firm gained 13 new asset management companies as clients in 2014, a testament to the expertise of its staff, the quality of its SOFI account-keeping software and CM11's sound financial position.

I.3.2.5 - Private banking

CM11 Group, via CIC Private Banking, covers all of the private banking business lines across the world.
On an international level, the Group has entities in regions with high growth potential, such as Luxembourg, Switzerland, Belgium and Asia.
Its brands offer nearly 180,000 customers a wide range of high value added services. The business line has €111 billion in assets under management, €16 billion in commitments and employs some 1,900 people.

In France, it operates 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.

CIC Banque Privée
With 345 employees in more than 50 cities in France, CIC Banque Privée assists high-net-worth families and senior executives, at key stages of their businesses: opening up the capital, acquisitions and family transmissions.
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 the Group's skills, particularly its international skills, are harnessed to offer the best solutions.
In 2014, due to the increase in business disposals, 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.
At end-2014, an offering was rolled out for owners of companies valued at less than €7 million, to assist them when selling their company. This service rounds out the existing CM-CIC Conseil offering aimed at companies valued at more than €7 million. This roll-out will contribute to the expansion of the business line in 2015. In 2014, the Sélection F multi-management product designed by CM-CIC Gestion (related to the choice of life insurance policies) played a role in CIC Banque Privée's development. Customer savings deposits now total close to €17 billion.

Banque Transatlantique Group
At end-2014, assets under management reached €22 billion (+7%). Despite the sluggish stock markets, this performance was made possible thanks to the dedication of the bank’s teams and the growing number of customers who put their faith in the bank.

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

Banque de Luxembourg
Banque de Luxembourg is one of the leading banks in the Grand Duchy. In 2014, its private banking assets under management grew to €21 billion. It specializes in tangible and intangible wealth management for an international clientele comprising families and wealthy entrepreneurs. It provides its clients with an integrated service offering, combining investment advice and financing solutions. In 2014, Banque de Luxembourg consolidated its positioning on its domestic market and, in parallel, developed in the Belgian market, its second largest market in terms of the number of sites.
When fiscal transparency was being implemented on a global scale, Banque de Luxembourg also stepped up its efforts to develop its commercial activities in new markets, in Europe and beyond. Banque de Luxembourg was also a pioneer in the development of a center of excellence for management professionals. For over 40 years it has assisted fund developers in creating their structures and has provided international support; it therefore often acts as an incubator alongside them. Third-party managers choose the bank mainly on the strength of its custodian bank; it offers them the same tools as it does its own asset managers.

In a world with increasing regulatory complexity, the bank has supported its clients in implementing AIFMD and FATCA. Its professional banking business is constantly growing. The investment fund platform recorded €36 billion in assets, and the third-party asset management business €6.4 billion.

Banque CIC (Suisse)
The bank remained on a robust trend in 2014, focusing on Swiss self-employed professionals, corporates and senior executives. The customer portfolio increased by nearly 10%. Assets under management and total assets grew by more than 10%. Personalized service coupled with an extensive product line remains the key element of the group's strategy. The bank has the technical, financial and human resources required to tap the potential of the Swiss market even further.

CIC Singapore and CICIS Hong Kong branch
Since 2002, CIC has carried on its private banking business in Asia from Hong Kong and Singapore, two major financial centers in this field in Asia-Pacific.
In 2014, investors' appetite for bond markets increased, as they continued to benefit from the high level of long-term liquidity, particularly in the first half of 2014. Assets under management increased by 24.4%.
CIC continued to step up the quality and the number of its advisers, and structured itself around dedicated teams per client segment.
In 2015, efforts will focus on Hong Kong-based growth.

I.3.2.6 - Private equity

Together with its subsidiaries (CM-CIC Investissement, CM-CIC Capital Innovation, CM-CIC Capital Privé and CM-CIC Conseil), CM-CIC Capital Finance 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 makes investments ranging from €1 million to €100 million to support clients in their development, both in France and internationally. The SME environment in 2014 was difficult and not conducive to its clients' growth projects. Nevertheless, the consistency of its strategic positioning - founded on a long-term vision of developing companies and supporting them with long-term capital invested sustainably - has enabled it, both in terms of activity and portfolio performances, to show resilience and improve its overall profitability.
In the context of proprietary management, more than €277 million was invested in 147 companies. Nearly two thirds went to medium-sized companies (as capital) and nearly half went to existing portfolio companies. The main equity investments concerned Exaprint, Kabo, Olly Gan, Seafrigo, Synerglace and Zoo de Beauval and reinvestments included Abeo, Bugal, Finaero, Serge Ferrari, Sill and Thermador. Portfolio rotation was active. Divestments amounting to €277 million in transfer value generated capital gains of €125 million (including reversals of provisions for disposals), demonstrating the quality and resilience of the companies invested in. Liquidity was generated and the main divestitures concerned Eurodatacar, Foir'Fouille, Focal & Naim, Naturex, SCF and, internationally, Primus. CM-CIC Capital Innovation sold its stake in Kalistick and part of that held in Nanobiotix.
As of December 31, 2014 this portfolio represented €2 billion (including €80 million in innovation capital) for nearly 460 holdings. It is diversified with a significant portion (more than 60%) in private equity. Managed assets generated dividends, coupons and financial income amounting to €47.8 million.
Despite a morose economic and financial environment in terms of value creation, the stock of unrealized gains increased, which contributed to the IFRS result. In third-party management, CM-CIC Capital Privé carried out three new rounds of fund subscriptions (FIP Select PME 2014 (IR), FCPI Select Innovation 2014 (IR) and FIP Patrimoine PME (ISF)) for €50.7 million, and invested €25.2 million. Funds under management totaled €359.7 million, after reimbursing their subscribers €42.6 million and closing three funds. The year was lackluster for the advisory services business, which had five transactions in a sluggish mergers & acquisitions market.

I.3.2.7 - Logistics

EI Telecom – EIT

In a context of market consolidation, Euro-Information Telecom's active customer base rose by more than 90,000 lines (+6.7%). Its revenue grew by about 7% to €383 million, mainly driven by the development of its interconnection revenue. At end-2014, EIT was the leading French MVNO[3] both in terms of the number of clients and revenue generated over the year.

Euro Protection Surveillance – EPS

Euro Protection Surveillance pursued its growth in 2014, posting revenue of more than €131 million (+11.5%). With more than 364,000 subscribers (+10.9%), EPS continues to strengthen its lead in the French residential remote surveillance market, with a market share of roughly 33%.

I.4 - History of CM11 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 stock-owning members. Interest was paid on the savings collected. The foundations of Crédit Mutuel were as follows:

- loans were only granted to stock-owning members,
- limited (originally unlimited) joint and several liability of stock-owning members,
- 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 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.

[3] MVNO: mobile virtual network operator.

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 may increase its equity interest in Cofidis Participations 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, CM11 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 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.

_2014_: Caisse Fédérale de Crédit Mutuel and Banque Fédérative du Crédit Mutuel carried out capital increases in July 2014 amounting to €2,562 million and €2,700 million respectively.

In March, CM11 Group sold its 7% stake in Banca Popolare di Milano. The Group also increased its stake in Banque de Tunisie to 34%.

II. CORPORATE GOVERNANCE OF CM11 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 (Article L. 225-102-1 of the French Commercial Code).

The Ordinary Shareholders' Meeting of May 7, 2014 approved the co-optation of Hervé Brochard as a member of the Board of Directors to replace Eckart Thomä, and renewed the terms of office of the following directors: Hervé Brochard, Roger Danguel, François Duret, Jean-Louis Girodot, Gérard Oliger and Michel Vieux.

The Board of Directors' meeting of May 7, 2014 reappointed the following non-voting directors: Fernand Lutz and Robert Laval. The same Board meeting also decided to extend by two years the statutory age limit of the Chairman and Chief Executive Officer.

Furthermore, the Board of Directors' meeting of July 31, 2014 appointed Jean-Pierre Brunel as a non-voting director and renewed the positions of non-voting director held by Marie-Hélène Dumont, René Barthalay and Alain Tessier.

In addition, the Board of Directors' meeting of November 14, 2014 made various changes to its composition:
- it noted the termination by Roger Danguel of his functions as director and appointed him as a non-voting director;
- it appointed Nicolas Théry as a member of the Board of Directors to occupy the position of director vacated by Roger Danguel; this appointment is subject to the approval of the Shareholders' Meeting on May 13, 2015;
- it decided to opt for the separation of the functions of Chairman and Chief Executive Officer;
- as Michel Lucas decided to terminate his functions as Chairman and Chief Executive Officer, the Board appointed Nicolas Théry as Chairman of the Board and Alain Fradin as Chief Executive Officer. Nicolas Théry has also terminated his function as Chief Operating Officer of Banque Fédérative du Crédit Mutuel.

Summary table of the composition of the Board of Directors

Mandataire	Représentant	Fonction	Nomination	Echeance
BOISSON Jean-Louis		Administrateur	03/05/2006	30/06/2015
BONTOUX Gerard		Administrateur	06/05/2009	30/06/2015
BROCHARD Hervé		Administrateur	10/05/2013	30/06/2017
CORGINI Maurice		Administrateur	03/05/2006	30/06/2015
CORMORECHE Gerard		Administrateur	10/05/2007	30/06/2016
DURET François		Administrateur	11/05/2011	30/06/2017
GIRODOT Jean-Louis		Administrateur	07/05/2008	30/06/2017
GRAD Etienne		Administrateur	17/12/2010	30/06/2016
HUMBERT Jacques		Vice-Président	03/05/2006	30/06/2015
LUCAS Michel		Administrateur	14/11/2014	30/06/2016
MARTIN Jean-Paul		Administrateur	10/05/2007	30/06/2016
OLIGER Gerard		Administrateur	07/05/2008	30/06/2017
PECCOUX Albert		Administrateur	03/05/2006	30/06/2015
TETEDOIE Alain		Administrateur	10/05/2007	30/06/2015
THERY Nicolas		Président du Conseil d'Administration	14/11/2014	30/06/2017
VIEUX Michel		Administrateur	11/05/2011	30/06/2017
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie	LEROYER Daniel	Administrateur	18/11/2011	30/06/2015

Non-voting directors:
René Barthalay, Jean Louis Bazille, Yves Blanc, Michel Bokarius, Jean-Pierre Brunel, Aimée Brutus, Roger Danguel, Gérard Diacquenod, Marie-Hélène Dumont, Bernard Flouriot, Monique Groc, Robert Laval, Fernand Lutz, 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

Nicolas Théry, Chairman of the Board of Directors
Born December 22, 1965 in Lille (59)
Work address:
Crédit Industriel et Commercial
6, avenue de Provence 75009 Paris

Other functions:
Chairman and Chief Executive Officer: Banque CIC Est
Chairman of the Board of Directors: 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, Crédit Industriel et Commercial
Chairman of the Supervisory Board: Banque Européenne du Crédit Mutuel
Member of the Board of Directors: Targobank Spain, Confédération Nationale du Crédit Mutuel, Caisse de Crédit Mutuel Strasbourg Vosges
Member of the Supervisory Board: Cofidis, Cofidis Participations, CM-CIC Services
Member of the Management Board: Euro Information SAS, Euro Protection Surveillance
Permanent representative: of GACM on the Board of Directors of RMA WATANYA, of GACM on the Supervisory Board of Eurafric Information, of BECM on the Board of Directors of Fédération du Crédit Mutuel Centre Est Europe.

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, SAP l'Alsace, DNA
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 St 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 Cormoreche Jean-Gérard, Sàrl Cormoreche, Sci Cormoreche, Sci Ravaille
Permanent representative of CCM Sud-Est on the Board of Directors of ACM Vie SAM.

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 d'Auneau (Eur et loir), Soderec
Vice-Chairman: Syndicat Agricole du Dunois
Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel, CICM, Caisse de Crédit Mutuel Agricole du Centre, Caisse Centrale de Crédit Mutuel
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, 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.

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: Conseil Economique, Social et Environnemental de la Région Île-de-France (CESER IDF), Audiens
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, 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: 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, 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.

Michel Lucas, Member of the Board of Directors
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 of the Board of Directors: Confédération Nationale du Crédit Mutuel, Fédération du Crédit Mutuel Centre Est Europe, Républicain Lorrain, Est Républicain, Liberté de l'Est, SAP l'Alsace, Dernières Nouvelles d'Alsace
Chairman: Crédit Mutuel Cartes de Paiements, Europay France, EBRA, International Information Developments, Direct Phone Services
Vice-Chairman of the Supervisory Board: CIC Iberbanco, Banque de Luxembourg (Luxembourg)
Member of the Board of Directors: Crédit Industriel et Commercial, Caisse Fédérale de Crédit Mutuel, ACMN IARD, ASTREE (Tunis), Assurances Générales des Caisses Desjardins (Québec), Banque de Tunisie (Tunis), Banque Marocaine du Commerce Extérieur, Banque Transatlantique Belgium (Bruxelles), Caisse de Crédit Mutuel "Grand Cronenbourg", Dauphiné Libéré, Est Bourgogne Media, Le Progrès SA
Member of the Supervisory Board: Manufacture Beauvillé, CM-CIC Services (GIE), CM-CIC Capital Finance
Permanent representative: of BFCM on the Management Board of Sofédis, of FCMCEE on the Board of Directors of GACM, of FCMCEE on the Management Committee of Euro Information, of Euro Information on the Management Committee of Euro Information Développement, of CIC on the Board of Directors of Banque Transatlantique, of CIC on the Board of Directors of Lyonnaise de Banque.

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 Pays de Bitche
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: Caisse Régionale de Crédit Mutuel 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 and Chief Executive Officer: Thalie Holding and FITEGA
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 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: CM-CIC Bail – Targobank Spain
Chairman of the Supervisory Board: CIC Iberbanco, Cofidis, Cofidis Participations, Euro Information Production (GIE)
Vice-Chairman of the Supervisory Board: Targo Deutschland GmbH, Targo Management AG, Targobank 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, Crédit Industriel et Commercial
Member of the Board of Directors: CM-CIC Titres, Banco Popular Spain
Member of the Management Committee: Euro-information, Bischenberg, EI Télécom, Boréal
Member of the Supervisory Board: CM-CIC Services, Eurafric Information
Permanent representative: of CIC on the Management Committee of Euro GDS, of CIC on the Board of Directors of CIC Ouest and of CIC Nord-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 FCMCEE on the Board of Directors of Sofédis.

II.1.2.3 - Remuneration of key executives

Guidelines

Banque Fédérative du Crédit Mutuel does not refer to the AFEP-MEDEF corporate governance code, which it finds unsuitable regarding a number of recommendations, given that 98% of its shares are held by entities of Crédit Mutuel Group.

As a result of the change in the directors and corporate officers of CIC and BFCM, the respective boards of the two companies, at meetings on February 26, 2015 for BFCM and December 11, 2014 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 Chairman of the Board of Directors – do not receive directors' fees or remuneration of any kind.

Implementation

The key executives affected by the remuneration policies include the Chairman of the Board of Directors and the Chief Executive Officer.

The employment contract of the Chairman of the Board of Directors with BFCM was suspended with effect from November 14, 2014 and that of the Chief Executive Officer with effect from May 1, 2011.

Acting on the recommendation of the Remuneration Committee, on December 11, 2014 CIC's Board of Directors decided to make an annual payment of €250,000 to Nicolas Théry as remuneration for his term of office as Chairman of the Board of Directors of CIC. The Board also voted to pay Nicolas Théry, in the event his term of office is terminated, an amount set at one year's remuneration for his service as Chairman of the Board of Directors 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, 2015 to the termination date. This agreement regarding the termination indemnity will be submitted to CIC's Shareholders' Meeting on May 27, 2015 for approval, following the special report of the statutory auditors.

Acting on the recommendation of the Remuneration Committee, on February 26, 2015 BFCM's Board of Directors decided to maintain the current remuneration of Nicolas Théry at BFCM (gross annual salary of €450,000) but which, with effect from December 1, 2014 remunerates the term of office as

Chairman of the Board of Directors of BFCM. It also decided to implement an unemployment insurance contract for corporate officers with effect from December 1, 2014.

Furthermore, the Board of Directors set the termination indemnity for Nicolas Théry at 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, 2015 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 at the group. To this end, it should be recalled that Nicolas Théry has been an employee of the Group since September 1, 2009 and that his employment contract was suspended effective November 14, 2014. As an employee, Nicolas Théry is subject to the company supplementary pension rules of January 1, 2008. The Remuneration Committee therefore proposed that these pension rules be applied to Nicolas Théry's remuneration, in his capacity as Chairman of the Board of Directors of BFCM, under the same conditions applicable to all Group employees.

This agreement regarding the termination indemnity and retirement benefits will be submitted to BFCM's Shareholders' Meeting on May 13, 2015 for approval, following the special report of the statutory auditors.

BFCM's Board of Directors meeting of February 26, 2015 noted that the appointment of Alain Fradin, as Chief Executive Officer of BFCM, does not entail any changes to his situation until this date in his capacity as Chief Operating Officer. 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 at 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's 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 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. As of December 31, 2014 they did not have any borrowings of this type.

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

2014 Amount in € (a)	**Origin**	**Fixed portion**	**Variable portion (b)**	**In-kind Benefits (c)**	**Employer contributions for supplementary benefits**	**Total**
Michel Lucas	BFCM CIC	229,167[1] 550,000	0 0	4,226	 736	233,393 550,736
Nicolas Théry	BFCM CIC	86,794[2] 20,833[3]	0 0		901 84	87,695 20,917
Alain Fradin	BFCM	800,000	0	4,620	8,448	813,068

(1)- from January 1 to November 31
(2)- from December 1 to 31. The remuneration includes a final settlement related to the suspension of the employment contract.
(3)- from December 1 to 31.

2013 Amount in € (a)						
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	8,332	812,057

(a) These amounts are the gross amounts paid out by the company corresponding to payments made during the year.
(b) Any variable remuneration of the CEO 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.

Furthermore, and following the resignation of Michel Lucas from his term of office as Chairman and Chief Executive Officer, and acting on the recommendation of the Remuneration Committee, which ensured that the conditions relative to the payment of the termination indemnity voted by the Board during its meeting of May 19, 2011, were fulfilled, the CIC Board of Directors meeting of December 11, 2014 decided to pay Michel Lucas a termination indemnity of €550,000.

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 accountable 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 CM11 Group who meet the above criteria, the total amount of remuneration (fixed and variable) for 2014 as set out in the aforementioned Article L.511-73 was €44,907,476.

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 Caisse of Crédit Mutuel elects the members of its Board of Directors at its Shareholders' Meeting (which includes all stock-owning members). From among these members, the Caisses elect their representative to the District, a body that jointly represents a group of Crédit Mutuel Caisses; 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 Caisses. 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 Caisses gives BFCM 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 Caisses, 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, in practice 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

Owing to the volunteer status of the directors and the code of ethics and compliance in force within the Group, there are no potential conflicts of interest for the members of the Board of Directors and the Chief Executive Officer, between their obligations with regard to BFCM and their private interests.

II.2 - Report on the Board of Directors' operation 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 three years and 15 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 the appendix in accordance with the legal provisions.

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 seperate the positions of Chairman and Chief Executive Officer at its November 14, 2014 meeting.

Nicolas Théry was appointed Chairman of the Board of Directors. Alain Fradin was appointed Chief Executive Officer.
In this capacity, the Chairman organizes and directs the Board's work.
The Chief Executive Officer 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 2014, 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 27, 2014 meeting focused on reviewing and approving the financial statements and preparing for the Ordinary Shareholders' Meeting held on May 07, 2014.
The Board was informed of the February 24, 2014 report of the Group Audit and Financial Statements Committee. It decided to carry out an initial capital increase in accordance with the authorization granted to it by the Extraordinary Shareholders’ Meeting of May 7, 2013.
The Board also approved the framework memorandum on the variable remuneration policy for regulated populations, 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 Board meeting of May 7, 2014 focused on the reappointment of non-voting directors and the two-year extension of the statutory age limit of the Chairman and Chief Executive Officer.

The July 31, 2014 meeting focused on approving the interim consolidated financial statements at June 30, 2014. The Board was informed of the report of the Audit and Financial Statements Committee and the report of the Risk Monitoring Committee. It also appointed and reappointed non-voting directors.

The Board meeting of August 1, 2014 noted the completion of the capital increase decided on during the meeting of February 27, 2014 and amended the bylaws accordingly.

The final meeting of the year was held on November 14, 2014. The Board was informed of the work of the Group Risk Monitoring Committee of October 15, 2014.
It reviewed the 2014 budget trends and preparation of the 2015 budget.
The Board also made various changes to its composition: termination of a term of office as director and appointment of a non-voting director; co-optation of a new director; change in the operating methods of executive management; termination of the functions of Chairman and Chief Executive Officer and appointment of a new Chairman and of a new Chief Executive Officer; appointment of executive directors.

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. None took place in 2014.

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 the consolidated Group. It reports to the Board of Directors and comprises 18 people representing the Group's components.

Group Risk Monitoring Committee
The role of this committee, created in 2007, is also governed by CRBF Regulation 97-02 and concerns the consolidated Group. It has 15 members and reports to the Board of Directors.

Group Ethics and Compliance Committee

This committee, created for the consolidated 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.

In application of Directive CRD IV, several decrees and orders were published in November 2014. These texts supersede Regulation 97-02 and define the implementation and functioning of the Remuneration Committee, the Appointments Committee (to be set up) and the Risk Committee. This new system will be implemented in 2015.

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 CM11 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 that are 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 to this, the 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 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 relating 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 markets activities, asset management, financial services, cash management, etc.), with a manager appointed for each at the CM11 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.

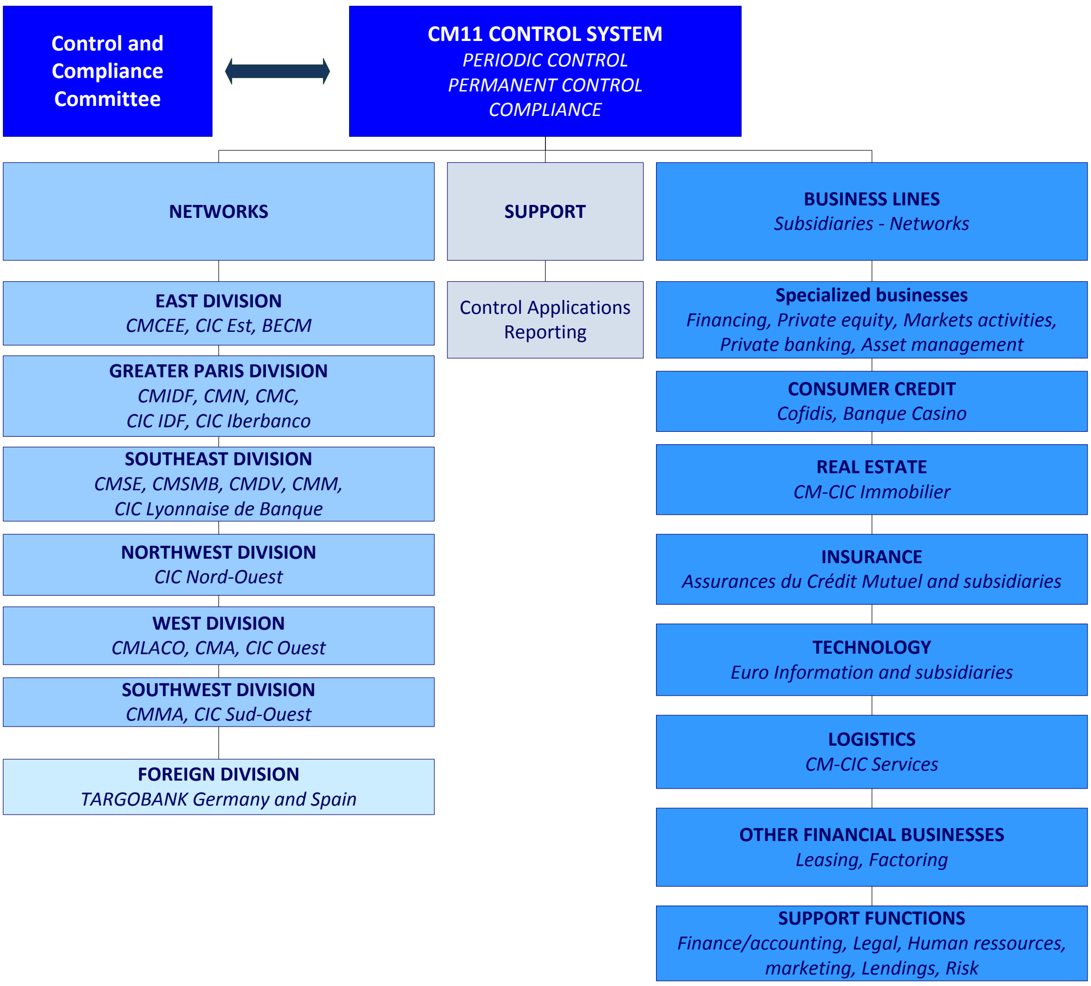
II.2.2.1.3 - Oversight of the system by the group's Control and Compliance Committee

Placed under the authority of an executive director, 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 directors on improvements required;
- 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 2014, general discussion took place under the aegis of the CCC on the change in the control functions, given the new regulations and the Group's activities.

The CCC met four times in 2014 (March 3, June 23, September 29 and December 15).

Summary chart of the existing organization



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 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), one representative of BFCM and two members of CIC's Board of Directors. The Committee elects a Chairman among its members for a three-year period that can be renewed once.
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 stock-owning members of their respective local Caisse. This independence is reinforced by the fact that members of the Audit and Financial Statements Committee are not paid.

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

- reviews the provisional internal control program;
- receives the consolidated annual internal control and risk monitoring report as well as the half-yearly 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 and compliance controls;
- 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.

Regarding the financial statements and financial information, the Group Audit and Financial Statements 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.

In terms of risks, the Audit and Financial Statements Committee:

- examines the Group's exposure to risks based on normalized and periodic reporting of counterparty, market, interest rate and liquidity risks and more generally all of the risks to which the Group is exposed;
- examines the risk-taking policies, the general risk management strategies, the limits imposed, the cost of risk and the related control methods as well as the crisis management policy.

The Audit and Financial Statements Committee met four times in 2014 (February 24, May 5, July 28 and September 22). Meetings of sub-committees, made up of several members of the Audit and Financial Statements Committee, may also be held on specific subjects defined at the plenary session. The Audit and Financial Statements Committee meetings and sub-committee meetings are summarized in reports submitted to the supervisory bodies of the various federations, Caisse Fédérale de Crédit Mutuel, BFCM and CIC to ensure that directors are fully informed.

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

With its mission to carry out an analysis and regular review of the risks of any kind with respect to the return on allocated regulatory capital, the Group Risk Management's mission is to contribute to the development and profitability of the Group while ensuring quality of risk management mechanisms.
To perform the functions assigned to it (particularly as provided by Articles 74 to 83 of the Decree of November 3, 2014), 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 Crédit Mutuel federations and CIC banks, the risk managers or directors at the subsidiaries and branches, or the individuals responsible for monitoring commitments.

The Group Risk Department oversees the Group's risk management function and provides regular reports on this function (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 directors and supervisory 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 supervisory 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 supervisory bodies on all decisions of a prudential nature applicable to all 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 CM11Group, 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 the international partners.
An integral part of BFCM and CIC, CM-CIC Marchés consolidates all of CM11 Group's capital markets activities on one trading floor in order to refinance the entire CM11 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 markets activities are overseen by several units:

- The general management of CM-CIC Marchés 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' general management and validates the operational limits within the general limits set by the Board of Directors of CIC and BFCM;
- The CM-CIC Marchés Credit Committee, which meets weekly, is responsible for approving credit line requests under delegations of authority granted by CM11 Group's Loan Origination Committee.

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

Just as they consolidated their capital markets activities under one roof, BFCM and CIC also combined their large accounts activity within CM-CIC Large Accounts 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 markets 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 business recovery plan was created for all capital markets 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 et de Résolution (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 closing of each reporting period for 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. The statutory 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:

- In the first half of 2014:
    - the 2013 annual company financial statements of Fédération du Crédit Mutuel Centre Est Europe as well as the 2013 consolidated financial statements of the regulatory scope of CFdeCM;
    - the 2013 annual consolidated financial statements of CM11 Group and their in-depth analysis (analysis of the key balance sheet items, equity, intermediate balances, sector results by business line, general operating expenses, actual net provisioning for known risks and collective provisions – impact in the financial statements of the change in tax for systemic risks, ACPR supervision, AMF contribution and the CICE tax credit for encouraging competitiveness and jobs, which the Group benefited from in 2013),

- In the second half of 2014:
    - the impacts on the interim consolidated financial statements of the application of IFRS 10 and IFRS 11;
    - the presentation and analysis of the consolidated financial statements for the first half of 2014 for CIC, BCM and CM11 Group;
    - for the presentation of the interim financial statements, a specific technical review was carried out regarding the impact of the first-time application of IFRS 11 on the presentation of the consolidated financial statements (balance sheet, income statement, notes). In accordance with

IFRS 11, restated 2013 financial statements were established due to the change in the consolidation method for jointly-controlled companies held by the Group. The companies Targobank Spain and Banque Casino, 50%-owned by the Group and previously consolidated using the proportional method are now consolidated under the equity method.

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 Group Finance Department or the "specialized functions-business lines" CM11 Group 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 85 of the Decree of November 3, 2014 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 French chart of accounts for credit institutions 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);
- 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 NBI 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. An internal control portal dedicated to the accounting function was finalized by the Permanent Control function and its roll-out is underway in the various departments in charge of drawing up the financial statements.

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 Group defines the French (ANC) and international (IFRS) accounting principles and methods 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.

Individual financial statements based on IFRS are prepared in the central IT system for the entities using the common IT system. Individual financial statements under IFRS are prepared with the same organization and the same team as the individual financial statements drawn up under the French accounting rules and principles (ANC).

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 transactions 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, the internal control and accounting risk monitoring system, which is based on common methods and tools, is in line with the organization of CM11 Group's controls.

During fiscal year 2014, the Finance Department also continued implementing the recommendations made during a comprehensive audit of the accounting organization conducted by the General Inspectorate of the Confédération Nationale du Crédit Mutuel. As part of the half-yearly confirmation

of balances with third parties, random checks have been defined and implemented since the closing of 12/31/2013, aimed at obtaining evidence to support balances on payable-through accounts monitored directly in the operational departments.
The project involving the drawing up of account description cards including the general functioning of the account and its monitoring methods has been launched. This work began in 2014 and is underway.
Alongside the permanent objective consisting in strengthening and further improving the efficiency of the internal control and accounting risk monitoring systems, the progression or completion of the projects mentioned above will be a priority for financial year 2015.

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

The Board meeting of November 14, 2014 did not set any limits on the powers of the 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 regulatory requirements.

The annual disclosure to the Autorité de Contrôle Prudentiel et de Résolution (French banking and insurance supervisory authority – ACPR) on the implementation of the remuneration policy was made in the "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
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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, 2014

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, 2014.

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 as to 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 17, 2015

French original signed by

The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Arnaud Bourdeille	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 2014 was marked by:

- the creation of two risk codes to identify the clients registered on the lists of French or European terrorists (leading to measures to freeze assets), or US terrorists (OFAC – without freezing measures);
- the creation of two alerts to detect cash transactions which are made in fractions (payments and withdrawals);
- the launch of a self-study course updated for 2014–2015;
- the reorganization and update of internal oversight supports during training sessions organized by the directors of the Caisses and branches;
- the possibility for a branch manager to delegate to one or more colleagues the consultation and processing of alerts, analysis files and AML risks in the TRACFIN application;
- the use of the new BRISK database for managing AML risks (RIE codes have been replaced by grounds for risks);
- the roll-out of tools and access to "WORLDCOMPLIANCE" (which replaces WORLDCHECK as a single information database for the Group to detect Politically Exposed Persons and terrorists with the automated generation of alerts, now destined for the TRACFIN correspondent;
- the circulation of specific procedures to deal with terrorist alerts, PEPs and transactions linked to a country on the red list;
- the roll-out of REUFOR, a new tool for entering training actions which enables quantitative (number of persons trained) but also qualitative (indication of training topics per employee) reporting.
- Concerning the control panel TACO, the reporting support:
    - circulation of the TACO (control panel) guide for AML,
    - the integration of the reporting of face-to-face training actions (REUFOR),
    - the integration of a section entitled "Transaction OR" covering transactions likely to be anonymous. This new section allows us to ensure that all third parties are well identified and, if applicable, to detect atypical transactions (unusual, abnormally high amount).
- The reorganization of the TRACFIN guide – TRACFIN correspondent dedicated to AML services in two documents (documentary and operational guidelines);
- Roll-out of new second-level control tools (database of transactions from legal entities, agriculture, local governments and real estate);
- Concerning the TRACFIN application:
    - the possibility for account managers and directors to add enclosures when processing alerts;

- improved formulation of questions in the alerts ("Negative outcome" becomes "Confirmed alert" and "Positive outcome" "Alert lifted") and the implementation of tooltips to explain what is expected of the writer in terms of answers and explanatory commentary, particularly in the analysis files to strengthen review of the transactions,
- the creation of a "Right of communication" section to create and list the communication rights received by TRACFIN,
- one-off improvements to certain alerts, particularly in the formulation of questions (SP 656, 747).

At the end of 2014, more than 85% of staff concerned by the money laundering risk had followed a face-to-face training course or the new self-study course rolled out in April 2014 (note that this is updated every two years).

A meeting of the network's TRACFIN correspondents took place at the end of June 2014, to present the changes in the TRACFIN application, second-level control tools (market transactions databases delivered for the first time in February 2014) and the control panel (TACO). On this occasion, work topics were distributed among the TRACFIN correspondents to identify the methodologies for controls and reporting of controls.

The annual anti-money laundering seminar took place in November 2014, bringing together the heads of anti-money laundering from all the entities and business lines over two days. It focused on international financial sanctions with, in particular, talks from colleagues from the US and Swiss entities. Part of the seminar was devoted to the presentation of best practices in terms of controlling the assessment of risk and reporting on it.

II.4.2 - Risk classification, description of procedures

II.4.2.1 - Classification and duty of vigilance

At the end of December 2014, heightened vigilance measures were taken for 0.31% of customers.

II.4.2.2 - Changes in procedures

In terms of the Group, all procedures were updated in 2014 to take into account the position of the ACPR on the consequences of the change in status of the banking transaction intermediaries and payment services providers (IOBSP) (outsourcing and no longer introduction by a third party) and the changes in the internal risk management system (BRISK) and to specify the methodology for checking the identity of beneficial owners and of the TRACFIN right to oppose.

II.4.3 - Permanent controls

In 2014, on the Group level:

- 138,691 alerts were generated by the applications, 88% of which were processed;
- 25,844 transactions required more in-depth review.

The imposition of international financial sanctions (embargo and counter terrorist financing measures) was marked by the very cumbersome implementation of restrictive measures against Russia.

The level one control plan is reported in a dedicated application and monitored by the permanent control teams in the regions. Nearly 1,200 controls were carried out with an average rating of three out of four. CM11 Group's average completion rate for level two control tasks (CINTMT) was 92%.

With regard to centralized control of cash flows, as required under EC Regulation 1781/2006, 10,581 anomalies were identified, which represents 0.42% of monthly cash flows for a total of 2,489,889 transactions. Following this annual review, there was 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 continued with the engagement of a second cycle in the network's entities; implementation began in the business centers.

The various controls are enabling proper coverage of the risk of money laundering and terrorism financing. 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 2014, the recommendations made by the ACPR on the anti-money laundering policy of the CF de CM following its 2011 audit continued to be implemented. At the end of 2014, 22 recommendations were considered fully implemented, one should be implemented during the first half of 2015 and the last at the end of 2015. These delays are due to the reorganization of chains or to important previous developments (WebCheque, OPFL).

The recommendations in terms of development of IT tools requested by the ACPR, after its follow-up assignment at the Caisse Fédérale Antilles-Guyane were also implemented in the whole CM11 Group in terms of the TRACFIN application or will be implemented in 2015 (creation of a “Beneficial owner” generic section scheduled for February 2015).

III. FINANCIAL INFORMATION ABOUT CM11 GROUP

III.1 - CM11 Group management report

III.1.1 – Introduction

III.1.1.1 - Results and financial situation

In an environment marked by a broad range of economic, social, technological, competitive and regulatory challenges, CM11 Group recorded solid overall trading performances and results and strengthened its financial position in 2014.

The Group recorded net banking income of €11,973 million in 2014, stable from the previous year. Net income attributable to the Group was €2,179 million in 2014, up 8% from 2013. These results were largely driven by the following factors:

- The Group's net banking income was adversely affected by a German court ruling requiring financial institutions to reimburse administrative fees charged on new loan subscriptions going back 10 years. This decision weighed heavily on Targobank Germany's net interest margin, which contracted by 25%. A total of €213 million was set aside as provisions and/or paid out to customers in connection with these reimbursements;
- Net banking income for the capital markets activities decreased compared to 2013 given narrower credit spreads and low market volatility;
- Insurance revenues rose by 10.5%;
- The cost of risk fell by €218 million. This improvement pertained to both the retail banking and capital markets activities as well as financial investments.

The Group's financial position remained solid, and the balance sheet was adjusted in anticipation of future regulatory requirements. As of December 31, 2014, the loan-to-deposit ratio was stable at 121.8%. Medium- and long-term refinancing accounted for approximately 65% of total refinancing, comparable to one year earlier. The common equity tier 1 ratio with transitional provisions was 14.5% and the "fully loaded" common equity tier 1 ratio was 14.4%, confirming the Group's financial strength.

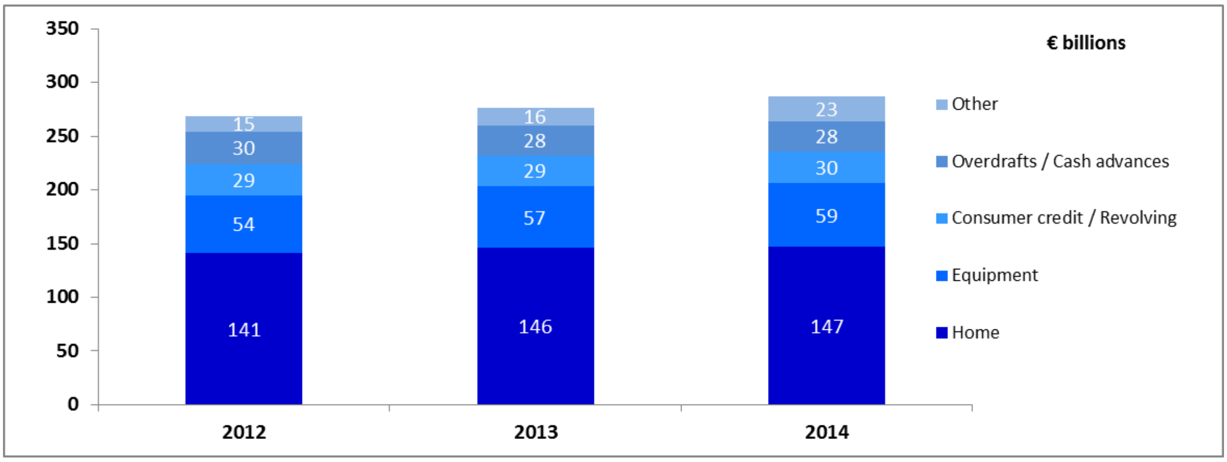
III.1.1.2 - Description of certain factors affecting results and the financial situation

Structure and business segments

The Group's results and financial situation reflect the significant weight of its retail banking and insurance activities. Retail banking typically accounts for nearly three-fourths of the Group's total net banking income (72% in 2014). As a general rule, corporate and investment banking, including the proprietary trading activity, as well as private banking and private equity make up only a small part of net banking income. Moreover, the insurance and private banking customers are often retail banking customers (the Group's retail bank branches market the Group's insurance products, often in connection with another retail banking service or simply through contacts with the overall banking network, which seeks to develop relationships with customers and offer them the greatest number of services). Acquiring customers through these activities therefore often improves the income of the retail banking activity through fees and commissions paid to the distribution networks and the cross-selling of products.

The Group's activity is concentrated in France, which accounts for approximately three-fourths of total net banking income (83% in 2014). Outside of France, the Group has significant activities in Germany and, to a lesser extent, in Spain. It also has investments in Italy and North Africa. The Group is not present in Greece. CIC also has international branches in London, New York and Singapore, a treasury unit in Frankfurt and representative offices in several other countries. These international activities typically account for only a small portion of the Group's overall net banking income.

Home loans represent approximately one-half of all the Group's customer loans. The following chart shows the types of loans made by the Group in 2012, 2013 and 2014.



The Group's net interest income includes net interest on regulated savings accounts (Livret A and Livret Bleu), which represented more than 11.0% of customer deposits as of December 31, 2014. Most of the deposits made by customers into these accounts are transferred to Caisse des Dépôts et Consignations (CDC), a financial institution owned by the French government whose mission is to finance public programs such as the construction of social housing. CDC pays a fixed amount of interest that is added to the interest rate offered on these savings accounts. Since the CDC offers a fixed amount, the share of regulated savings accounts in total customer deposits may affect average interest income.

Administrative costs

The Group carefully monitors its administrative costs by seeking to automate, whenever possible, the processes implemented by the retail banks in order to enhance operating productivity. Nearly all of the Group's entities use the same IT system, which generates substantial efficiency gains. Moreover, retail banking employees have an incentive to promote all of the Group's products and services instead of specializing in any single product line. Thanks to the Group's efforts, the cost-to-income ratio has remained below the European average despite the negative effects of tax and social security regulations.

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

The Group's cost of risk is relatively limited in light of its business model based on retail banking, a conservative risk management approach and discipline in managing and monitoring risk. To the extent that the Group's activities are largely concentrated in France, country risk provisions are generally low. The Group's cost of risk also reflects the consumer credit activities of TARGOBANK Germany and Cofidis, whose cost of risk is greater than that of the Crédit Mutuel and CIC networks.

European sovereign debt exposure

In 2012, the Group sold the balance of its sovereign Greek debt as part of a private sector involvement plan announced on February 21, 2012. This transaction generated a loss of €34 million (€21 million after tax). The Group then sought to reduce its exposure to any remaining sovereign debt, which is relatively limited. The following table presents the Group's exposure to the most fragile sovereign debt as of December 31, 2013 and 2014:

(€ millions)	**As of December 31, 2014**	**As of December 31, 2013***
Greece	0	0
Portugal	106	70
Ireland	102	103
Total exposure to Greece, Portugal and Ireland	***208***	***173***
Italy	1,101	3,384
Spain	334	294
Total exposure to Italy and Spain	***1,435***	***3,678***

**Figures restated for IFRS 10/11*

As of December 31, 2014, all Greek, Portuguese and Irish sovereign debt issues held by the Group represented approximately 0.04% of shareholders' equity. Further information on the Group's European sovereign debt exposure is provided in note 7c to the CM11 Group's consolidated financial statements.

Capital structure

Given the bank's status as a mutual company, the Group's equity is held by the local mutual branches, which in turn are owned by their stock-owning members. The Group's net income is largely appropriated to reserves, with stock-owning members receiving fixed compensation determined each year for their B class shares ("B shares"). Approximately 90% of net income is typically allocated to reserves, with the balance distributed to members.

The Group regularly encourages members to subscribe new shares through advertising campaigns. The shares are a means of enhancing customer loyalty while at the same time providing a steady stream of fresh capital. Insofar as the Group is not listed on the stock exchange, however, it cannot raise capital through public offerings. Information on the Group's regulatory capital adequacy requirements is presented in section IV – Information on Pillar 3 of the Basel Accords.

III.1.2 – CM11 Group activities and results

A pivotal year

After the economic rally buoyed the confidence of private sector participants in the main developed countries in 2013, the situation in 2014 was marked by divergent paths for exiting the crisis in the respective countries. In the second half, plummeting oil prices nevertheless reshuffled the deck. By dragging down inflation forecasts, the decline in energy costs prompted the U.S. and U.K. central banks to gradually adopt a more conservative stance and postpone expectations of an initial interest rate hike in those two countries. In the euro zone, growth was disappointing, which further strengthened expectations of renewed monetary easing by the European Central Bank (ECB). These changes caused sovereign debt yields in the low risk countries to fall throughout the year. Meanwhile, certain emerging countries were able to halt the rise in their benchmark rates and thereby breathe some life into their economies.

Europe: a disappointing recovery

In the euro zone, 2014 was marked by successive disappointments for economic growth, starting with a sharp drop in inflation (-0.2% in December). As a result, the ECB was particularly proactive and adopted a series of measures (benchmark rate cuts, asset purchase programs (asset backed securities and covered bonds), and the so-called Targeted Long Term Refinancing Operations). The central bank also conducted an in-depth review of bank assets designed to give banks more leeway and thereby stimulate lending. However, these measures did not have a notable impact on the real economy. This fact combined with the impact of falling oil prices on inflation increased the likelihood of significant new measures in early 2015, especially since political stability remained fragile in certain countries, notably Greece following the failure to elect a new president. Meanwhile, the European Commission adopted a more flexible approach to budget policy, emphasizing the possibility of easing the deficit targets in exchange for public investment and structural reforms.

This change in tack has significant implications for France, which had been reprimanded several times by the European Commission. In response, French officials promised several types of reforms, notably a law on growth promoted by the Minister of the Economy Emmanuel Macron. The French government also pledged to reduce the tax burden on companies as part of the "Responsibility Pact" and promised the equivalent of €50 billion in budget cuts between 2015 and 2017.

United States, United Kingdom: the gap widens

In the United States, particularly severe weather conditions weighed on growth at the start of the year. Favorable data, notably with respect to employment, subsequently provided reassurance regarding the strength of the recovery. The economy's resilience enabled the Fed (U.S. central bank) to end its monthly asset purchases. The risks weighing on the recovery along with the sudden drop in oil prices nevertheless prompted the Fed to continue its very accommodating monetary policy. The drop in prices will provide households with additional purchasing power while allowing the central bank to postpone the start of benchmark rate hikes. The economic trend was also very favorable in the United Kingdom, although signs of fragility were confirmed, with excessive reliance on the real estate sector. The Bank of England (BoE) therefore delayed any action, taking advantage of the leeway provided by the impact of falling oil prices on inflation.

Japan: the battle has not been won

In Japan, the negative impact of the April 2014 increase in VAT (from 5% to 8%) led to a technical recession. In that environment, the Bank of Japan (BoJ) initiated another round of massive quantitative easing in October, helping the Japanese yen to fall to all-time lows. Meanwhile, Prime Minister Shinzo Abe chose to postpone the second round of tax increases initially scheduled for October 2015 and to hold early elections, which he won on December 14. But his structural reforms have not yet had the desired effect and are insufficient to avoid further central bank measures in the months ahead.

Emerging countries: a breather for those implementing reforms

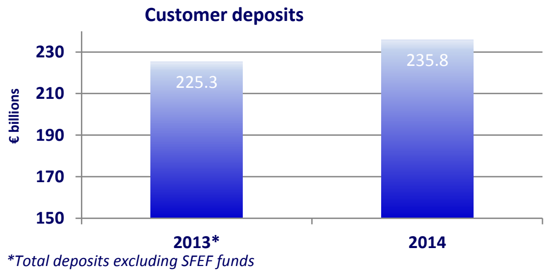
The Fed's prudence provided a breather for emerging countries by slowing the rate of financial outflows toward the developed countries. This respite was appropriately used by several of them to implement structural reforms, notably in India and China. These countries remain very vulnerable, however, especially oil producers hard hit by the drop in oil prices. In Russia the situation was further worsened by Western sanctions and government defiance, which led to major capital flight and a steep fall in the ruble (losing nearly half its value during the year).

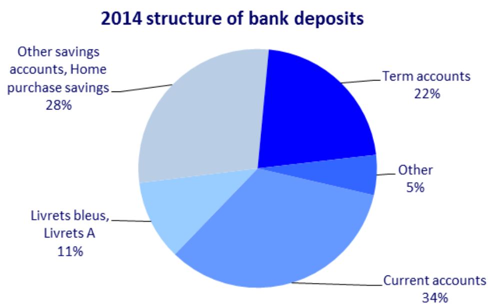
III.1.2.1 –CM11 Group activity

Sales growth continued in 2014. All CM11 Group entities contributed to the acquisition of more than 110,000 new customers, bringing the total number to more than 23.5 million.

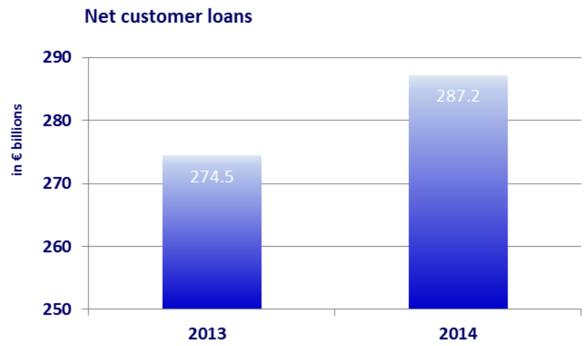
Banking

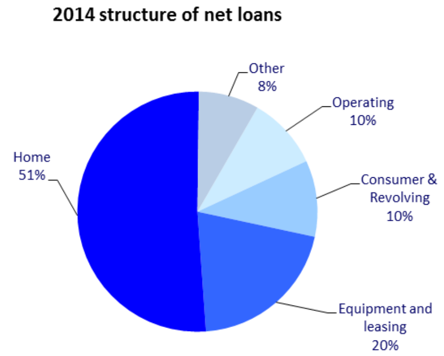
Bank deposits continued their increase (+4.5%) to €235.8 billion. The €10 billion rise was driven mainly by current accounts (+10.2%), home purchase savings (+8.3%), ordinary savings accounts (+4.0%) and Livret bleu / Livret A savings accounts (+1.0%).



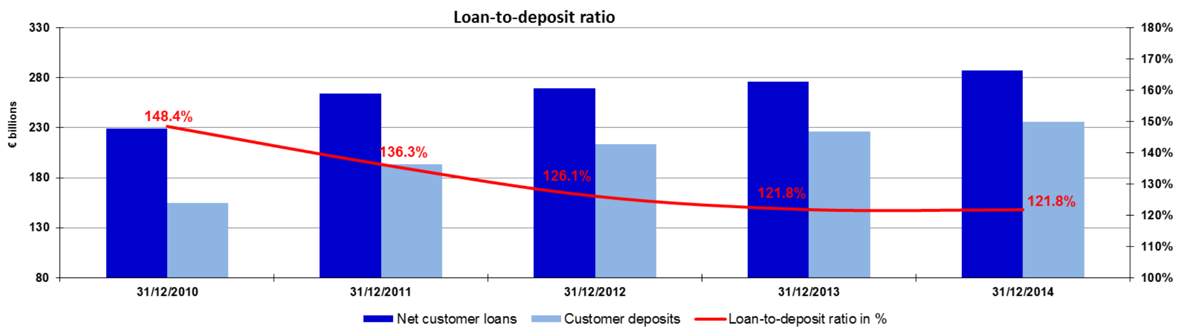


Total outstanding loans increased by 4.7%, or nearly €12.8 billion to €287.2 billion. This increase was due in part to the favorable performance of home loans (€2 billion; +1.4%) and investment loans (€1.8 billion; +3.9%) and in part to the increase in repurchase agreements, since beginning in 2014 repo transactions were no longer recognized under the fair value option. Instead of being marked to market as in the past, new transactions were classified as loans/borrowings, with income and expenses on repo transactions recognized under accrued interest in order to better reflect the economic reality of these short-term financing transactions.





The net impact of these changes was a stable loan-to-deposit ratio, which was 121.8% as of December 31, 2014, equivalent to the level one year earlier.



Insurance

2014 was marked by the culmination of regulatory changes significantly altering insurance business operations. Examples include the publication of the administrative order on health benefit baskets relating to minimum guarantees on supplementary health policies, or the promulgation of the consumer law (so-called Hamon law) amending the rules for policy cancelations. Even with these changes, CM11 Group remained on track, with a steadfast focus on service quality and relations with policyholders that enable it to stand out relative to other insurers.

In this environment, CM11 Group's insurance business again turned in an excellent performance in 2014, consistent with its focus on growth. The branch networks issued more than 3 million new insurance policies and recorded historic production in the auto segment.

Revenues were €10.46 billion, a 5.4% increase in line with that of the French market. Gross intake in life insurance and capitalization products rose by 6.6% to more than €6.5 billion. This increase along with a stable claims expense resulted in net intake of nearly €2 billion.

Non-life insurance continued its favorable growth trend. The auto and homeowners segments again outperformed the market, with 3.2% and 7.6% gains, respectively. In the homeowners insurance segment, 2014 saw the marketing of the new Corail 4.14 policy, which was very popular. Personal insurance recorded a 3.4% increase in premium income.

Services activities

Thanks to its technological expertise, CM11 Group developed a services activity based on telephony and remote surveillance.

In a market environment marked by consolidation, Euro-Information Telecom recorded a 6.7% increase in its installed base, with more than 90,000 lines. Revenues were up approximately 7% to €383 million, driven mainly by the growth in interconnection revenues. As of December 31, 2014, EIT is France's leading MVNO[4] in terms of both the number of customers and annual revenues.

In 2014, Euro Protection Surveillance continued its growth and recorded revenue gains of 11.5% to more than €131 million. With more than 364,000 subscribers, a 10.9% increase, EPS has now secured its position as the market leader for residential surveillance in France. The company has approximately 33% market share.

Also, to satisfy the concerns and opportunities in today's society, CM11 Group offers its stock-owning members and customers a comprehensive and profitable line of real estate services (renovation, development, leasing, brokerage, etc.) through CM-CIC Immobilier. In 2014, this subsidiary received orders on more than 5,260 new housing units and 645 building lots.

III.1.2.2 –CM11 Group results

(€ millions)	**Year ended December 31** **2014**	**2013***	**% change (2014/ 2013)**
Net banking income	**11,973**	**11,894**	**+0.7%**
Operating expenses and allocations/reversals to and from depreciation, amortization and impairment of non-current assets	(7,546)	(7,382)	+2.2%
Gross operating income	**4,427**	**4,512**	**-1.9%**
Cost of risk	(872)	(1,091)	-20%
Operating income	**3,555**	**3,421**	**+3.9%**
Net gains/losses on other assets and equity method	55	10	n/a
Income before tax	**3,610**	**3,431**	**+5.2%**
Corporate income tax	(1,195)	(1,217)	-1.8%
Net income	**2,415**	**2,214**	**+9.1%**
Non-controlling interests	235	203	+15.7%
Net income – Group share	**2,179**	**2,011**	**_+8.4%**

* *Figures restated for IFRS 10/11*

Net banking income

CM11 Group's net banking income totaled €11,973 million in 2014, up 0.7% from the previous year. This increase resulted from the following factors:

- following a German court ruling, financial institutions are required to reimburse administrative fees charged to customers who subscribed new loans going back 10 years. This ruling, which adversely

[4] MVNO: mobile virtual network operator

affected the entire German retail banking sector, weighed on Targobank Germany's net interest margin, which contracted by 25%. A total of €213 million was either set aside as a provision or paid out to customers in connection with these reimbursements;

- CM11 Group's fee and commission income increased by 1.6% thanks to financial and insurance commissions in the domestic branch networks and loan fees collected by Targobank Germany.
- net banking income for the capital markets activities fell relative to the previous year because of narrowing credit spreads and low market volatility.
- Insurance, the CM11 Group's second-largest business line, recorded a 10.5% increase in revenues.

Retail banking and insurance combined to account for approximately 84.9% of net banking income in 2014, compared with 89.8% the previous year. The following table shows net banking income by activity.

(€ millions)	**Year ended December 31** **2014**	**2013***	**% change (2014/ 2013)**
Retail banking	9,124	9,224	-1.1%
Insurance	1,591	1,440	+10.5%
Corporate banking and capital markets	717	826	-13.2%
Private banking	458	444	+3.1%
Private equity	149	119	+25.2%
Logistics and holding company services	585	465	+25.8%
Intra-Group transactions	(651)	(624)	+4.4%
Total	11,973	11,894	+0.7%

**Figures restated for IFRS 10/11*

The geographic breakdown of CM11 Group's net banking income illustrates the extent to which the banking and insurance business is concentrated in the French domestic market, which accounted for approximately 83% of net banking income in 2014, comparable to the proportion in 2013. The following table shows net banking income by region in 2013 and 2014.

(€ millions)	**Year ended December 31** **2014**	**2013***	**% change (2014/2013)**
France	9,923	9,794	+1.3%
Rest of Europe	1,855	1,919	-3.3%
Other countries	196	181	+8.3%
Total	11,973	11,894	+0.7%

** Figures restated for IFRS 10/11*

In accordance with article 7 of Law No. 2013-672 of July 26, 2013 amending Article L. 511-45 of the French Monetary and Financial Code and requiring credit institutions to disclose information on their sites and activities in each State or Territory, the following table describes CM11 Group's activity by country.

The countries of each site are shown in the scope of consolidation.The Group does not have any sites meeting the criteria defined in the administrative order of October 6, 2009 in Non-Cooperative States or Territories (NCST) that are listed in the administrative order of January 17, 2014.

In € millions exept Number of employees Country	Net banking income	Profit/loss before tax	Current tax	Deferred tax	Other taxes	Number of employees	Government subsidies
Germany	937	30	-4	6	-57	6,960	0
Bahamas						9	
Belgium	130	41	-7	3	-8	543	0
Brazil	1	0	0	0	0	2	0
Spain	235	105	-25	2	-8	1,284	0
United States	128	169	-9	-29	-4	84	0
France	9,919	4,829	-1,035	-51	-1,655	50,253	0
Hungary	17	2	0	0	-1	153	0
Cayman Islands	1	1	0	0	0	0	0
Italy	26	-11	0	0	0	138	0
Liechtenstein						13	
Luxembourg	263	119	-18	-2	-16	775	0
Morocco	0	-33	0	0	0	0	0
Monaco	2	1	0	0	0	9	0
Portugal	109	53	-15	0	-3	399	0
Czech Republic	8	-1	0	0	-1	152	0
UK	42	38	-9	1	-2	49	0
Saint Martin	2	0	0	0	0	7	0
Singapore	66	20	-2	0	-2	214	0
Slovakia	0	-1	0	0	0	2	0
Switzerland	87	3	-1	0	-12	350	0
Tunisia	0	15	0	0	0	0	0
Total	**11,973**	**5,380**	**-1,125**	**-70**	**-1,769**	**61,396**	**0**

Gross operating income

Gross operating income totaled €4,427 million in 2014, down 1.9% from €4,512 million the previous year. The decline was due to the increase in general operating expenses which was not offset by the measured increase in net banking income. The overall cost-to-income ratio was 63% in 2014, compared with 62% in 2013.

General operating expenses and allocations/reversals to and from depreciation, amortization and impairment of non-current assets was €7,546 million in 2014, up 2.2% relative to 2013. The €164 million increase resulted from the following factors:

- A 1% increase in personnel expenses from €4,373 million in 2013 to €4,417 million in 2014 due to the addition of 519 employees during the year. The average number of employees rose from 61,137 in 2013 to 61,396 in 2014, with the increase generated by the foreign subsidiaries.
- Other general operating expenses (including depreciation, amortization, impairment and provisions) increased by 3.9% to €3,129 million in 2014, up from €3,009 million the previous year. This increase was largely due to the migration of Cofidis to the CM11 Group IT system.

Cost of risk

The Group's cost of risk fell from €1,091 million in 2013 to €872 million in 2014. Further information is provided in the section "Analysis of cost of risk and non-performing loans."

Operating income

Operating income was €3,555 million in 2014, up nearly 4% from €3,421 million the previous year. This increase was mainly due to the lower cost of risk.

Other income statement items

Share of net income (loss) of associates. The Group's share of net income (loss) of associates improved, with net income of €71 million in 2014 compared with €4 million the previous year. The 2014 result reflects in particular net income generated by the Group's investments in Banque Marocaine du Commerce Extérieur for €37.6 million and Banque de Tunisie for €13.3 million, as well as the €61 million capital gain on the sale of Banca Popolare di Milano shares; these results were partially offset by the €45 million impairment loss on RMA Watanya shares.

Gains (losses) on other assets. Gains on other assets were stable at €5 million in 2014 and were generated mainly by capital gains on the sale of various branch buildings.

Change in value of goodwill. In 2014, CM11 Group recorded a €21 million impairment loss on goodwill for the media division.

Net income

Net income attributable to the Group was €2,179 million in 2014, up 8.3% from €2,011 million the previous year. This increase resulted from the above-mentioned factors.

III.1.2.3 – Results by CM11 Group activity

Retail banking

Retail banking is by far the Group's largest business segment. In 2014, it accounted for 72.3% of the Group's net banking income. The following table presents the income statement items for retail banking in 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013***	**% change (2014/ 2013)**
Net banking income	9,124	9,224	-1.1%
Operating expenses	(5,761)	(5,668)	+1.6%
Gross operating income	3,363	3,556	-5.4%
Cost of risk	(893)	(998)	-10.5%
Gains (losses) on other assets	70	62	+11.9%
Income before tax	2,539	2,620	-3.1%
Corporate income tax	(858)	(876)	-2.1%
Net income	1,682	1,744	-3.5%

**Figures restated for IFRS 10/11*

All of the retail banking entities recorded satisfactory sales performances, although overall results were adversely affected by Targobank Germany:

- In 2014, the retail banking segment's net banking income totaled €9,124 million, down 1.1% from €9,224 million in 2013. This decline was due to the significant drop in Targobank Germany's net interest margin, which fell by €238 million (25%) following a German court ruling requiring financial institutions to reimburse administrative fees charged to customers subscribing new loans going back 10 years. The net interest margin was also slightly affected by the decline in loan yields not fully offset by a decline in funding costs. The 2.0% increase in net fee and commission income, which accounted for more than 36% of the retail banking segment's net banking income, partially dampened the impact of the decline in the net interest margin. With respect to just the bank branch networks, fee and commission income increased 2.3% thanks largely to insurance commissions (+2.8%; €1,018 million received from our own insurance arm and from partner insurance companies), payments-related commissions (€445 million; +4.6%) and financial market brokerage commissions (€241 million; +3.5%). Fee and commission income from services (remote banking, remote surveillance, real estate transactions and telephony) contracted by 2.2% to €206 million.
- Customer deposits in the banking networks totaled €199.2 billion as of December 31, 2014, up 5.8% from €188.3 billion one year earlier. The CM11 and CIC networks accounted for 33% and 47% of this increase, respectively, while Targobank Germany and BECM accounted for 3% and 17%, respectively.
- Customer loans through the banking network totaled €233.5 billion as of December 31, 2014, up 1.5% from €230 billion one year earlier. These loans were held by the CM11 and CIC networks in the respective amounts of 46% and 44%, while Targobank Germany and BECM each contributed 5%.

Banking networks

In 2014, net banking income for the CM11 (regulatory scope) retail banking network rose by 0.5% to €3,113 million, thanks in particular to the 2.6% increase in fee and commission income generated by the sale of insurance products and electronic money activities; the net interest margin was stable. Net banking income for the CIC banking network rose by 0.7% to €3,134 million thanks to an improved net interest margin, while fee and commission income fell slightly because of new regulatory constraints (interchange fee, SEPA, electronic money).

Targobank Germany's net banking income contracted by 14.2% to €1,168 million in 2014. Despite the 4.4% increase in customer loans, the opening of 12 new branches, the stepped up efforts to develop its auto loan portfolio and steady growth of its wealth management activity, net banking income was adversely affected by the German court decision requiring banks to reimburse administrative fees charged to customers who subscribed new loans going back 10 years. Targobank Germany customer deposits rose by 2.7% to €11.6 billion as of December 31, 2014.

Net banking income for the Banque Européenne du Crédit Mutuel (BECM) banking network increased by 10.1% to €228 million in 2014. This increase was due to favorable sales performance (a 28% increase in bank deposits to €8.3 billion and a 6% increase in customer loans to €10.7 billion) and the decline in the cost of deposits, which had a positive impact on the net interest margin.

Ancillary businesses to retail banking
Cofidis' net banking income increased by 1.6% to €1,155 million. General operating expenses rose by 4.7% as a result of the IT system migration to the CM11 Group. The cost of risk fell by €18 million to €354 million. Net income was up 11.7% to €139 million.

The retail bank's gross operating income fell by 5.4% from €3,556 million in 2013 to €3,363 million. General operating expenses rose by 1.6% to €5,761 million. The cost-to-income ratio for the retail banking activities rose from 61.4% in 2013 to 63.1% in 2014.

The cost of risk for the mutual banking division, CIC banking network and Cofidis fell by 10.5% to €893 million in 2014. Meanwhile, the cost of risk increased by 7.7% for the BECM network and by 2.5% at Targobank Germany.

These factors led to a 3.5% decline in net income for the retail banking activity, which fell from €1,744 million in 2013 to €1,682 million in 2014.

Insurance

In 2014, the insurance segment contributed 12.6% of CM11 Group's net banking income. The following table shows the income statement items for the Insurance segment in 2013 and 2014, as presented in the Group's consolidated financial statements.

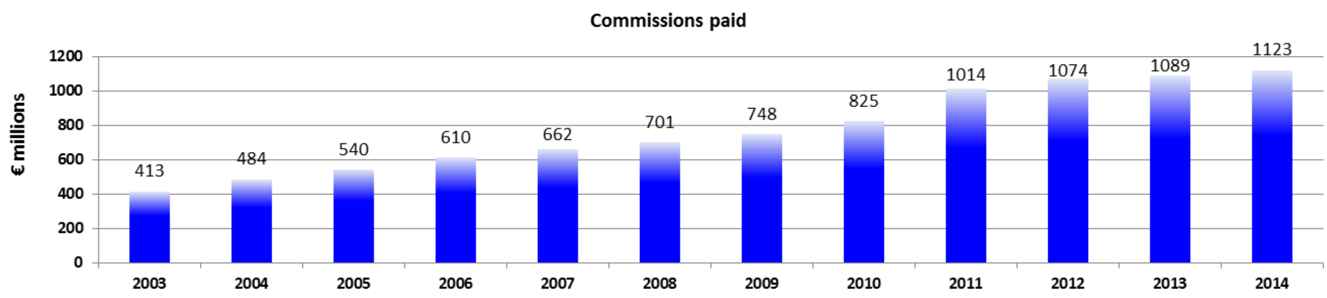
	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	1,591	1,440	+10.5%
Operating expenses	(427)	(411)	+3.8%
Gross operating income	1,164	1,028	+13.2%
Cost of risk	-	-	-
Gains (losses) on other assets	(55)	(28)	+94.9%
Income before tax	1,109	1,000	+10.9%
Corporate income tax	(430)	(372)	+15.6%
Net income	680	628	+8.1%

In 2014, net banking income from the Insurance business increased by 10.5% to €1,591 million.

The number of insurance policies increased from 25.7 million at end-2013 to 26.2 million as of December 31, 2014, with the following distribution by segment: property and casualty (32%), borrowers (21%), protection (21%), life (12%), auto (9%) and health (5%).

- In 2014, insurance revenues totaled €10.5 billion, up 5.4%. Life insurance revenues rose by 8% to €6.6 billion.
- In 2014, property and casualty insurance revenues were €1,448 million, up 4% thanks to the combined impact of a 3.2% increase in auto insurance to €783 million and a 7.6% increase in homeowners insurance to €449 million. Revenues for personal insurance (mainly protection and borrower's insurance) revenues increased by 3.4% to €2,452 million in 2014.
- In terms of claims, their frequency in the property and casualty segment fell despite the numerous adverse weather events during the year. However, this favorable trend was negated by cyclical and regulatory factors. The deterioration in road safety indicators resulted in an increase in severe bodily injuries against an already inflationary backdrop. The low interest rate environment also weighed on provisioning expense.

General operating expenses rose by 3.8% to €427 million in 2014, compared with €411 million the previous year. In 2014 as in the previous year, the cost of risk for the insurance business was nil.
Insurance business net income therefore totaled €680 million in 2014, up 8.1% from €628 million in 2013. These results include €1,123 million in commission payments to distribution networks (up 3.1% relative to 2013), including €978 million paid within the CM11 Group.



Corporate banking and capital markets

In 2014, corporate banking and capital markets segment accounted for 5.6% of net banking income. The following table presents the income statement items for the corporate banking and capital markets segment in 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	718	826	-13.1%
Operating expenses	(285)	(273)	+4.6%
Gross operating income	433	554	-21.9%
Cost of risk	(29)	(44)	-34.8%
Gains (losses) on other assets	-	-	-
Income before tax	462	509	-9.4%
Corporate income tax	(124)	(182)	-31.8%
Net income	338	328	+3%

Corporate banking

Net banking income for corporate banking activities totaled €359 million in 2014, up 14.5% from €314 million the previous year. This increase resulted from an improved net interest margin thanks to lower funding costs in 2014. Outstanding loans fell by 3.8% to €11.5 billion as of December 31, 2014, while deposits contracted by 12.2% to €7.7 billion at year-end.

Gross operating income was €267 million in 2014, up 19.1% from the previous year, and the cost-to-income ratio improved to 25.6%.

The cost of risk increased by €13 million to €50 million in 2014, mainly due to deterioration on one large account.

Corporate income tax expense increased from €64 million in 2013 to €66 million in 2014.

Net income in the corporate banking segment therefore increased to €151 million in 2014, up 22.4% from €124 million the previous year.

Capital markets activities

Net banking income for capital markets activities totaled €358 million in 2014, down 30.1% from €513 million in 2013. This decline was mainly due to CM-CIC Marchés, which given the environment of easing credit spreads and a tense geopolitical situation, sought to limit net financial income volatility in the Investments – Fixed Income – Equities - Credits segment and focus on sales growth.

Gross operating income was €165 million in 2014, down 49.8% from €329 million the previous year. This decline was mainly due to the drop in net banking income, with general operating expenses rising by 5.3% to €193 million in 2014 (compared with €184 million in 2013).

The cost of risk for capital markets activities improved thanks to a net reversal of €79 million in 2014 due to improved risks on RMBS in New York, compared with a €7 million net allocation in 2013.

Income before tax therefore fell from €322 million in 2013 to €244 million in 2014. The corporate income tax expense fell from €118 million to €58 million over the same period, mainly due to the decline in income but also thanks to the reversal of a provision established for the non-recovery risk of US tax losses. Net income after tax was €186 million in 2014, compared with €204 million the previous year.

Private banking

In 2014, the private banking segment accounted for 3.6% of CM11 Group net banking income. The following table presents the income statement items for the private banking segment in 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	458	444	+3.1 %
Operating expenses	(338)	(329)	+2.7 %
Gross operating income	120	115	+4.3 %
Cost of risk	(2)	(7)	NA
Gains (losses) on other assets	1	-	NA
Income before tax	119	108	9.6 %
Corporate income tax	(32)	(38)	-16.5%
Net income	87	70	+23.7 %

Net banking income for the private banking segment totaled €458 million in 2014, up 3.1% from €444 million in 2013. With one exception, all of this business line’s entities recorded net banking income gains thanks to satisfactory net interest margins and fee and commission income. At Banque de Luxembourg, however, the growth in fee and commission income was not sufficient to offset the decline in the net interest margin, and net banking income therefore fell by 4.7% to €221 million.

This segment's bank deposits rose by 4.8% to €16.5 billion in 2014. Assets under management and in custody increased by 10.3% to €79.3 billion. Customer loans were up 21.9% to €10.4 billion. Banque de Luxembourg accounted for nearly two-thirds of these outstandings.

General operating expenses increased by €9 million to €338 million in 2014; this increase was largely due to Banque de Luxembourg's integration of LB Lux's assets at end-May 2014, with the associated amortization and depreciation expense and the addition of 22 employees. Gross operating income increased by 4.3% to €120 million.

The cost of risk fell by €5 million to €2 million in 2014.

Private banking net income therefore rose by 23.7% to €87 million in 2014.

Private equity
In 2014, CM11 Group's private equity segment accounted for 1.2% of net banking income. The following table presents the income statement items for the private equity segment in 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	149	119	+24.8 %
Operating expenses	(38)	(34)	+11.5 %
Gross operating income	111	85	+30.1 %
Cost of risk	-	-	NA
Gains (losses) on other assets	-	-	NA
Income before tax	111	85	+30.3 %
Corporate income tax	-	-	NA
Net income	111	86	+29.7 %

The favorable results of the private equity segment in 2014 confirmed the improvement recorded the previous year. Net banking income totaled €149 million in 2014, up 24.8% from €119 million in 2013. This increase was generated by capital gains realized during the first half of the year.

The following table presents the investments and assets managed by this business segment as of December 31, 2014.

(€ millions)	
Total investments made by the Group in 2014	278
Aggregate amount of Group's equity investments[1]	1,815
Value of Group's portfolio, excluding equity investments managed for third parties	1,996
Equity investments managed for third parties	360

[1] of which, 83% invested in unlisted companies, with the balance invested in funds and listed companies.

Net income for the private equity segment totaled €111 million in 2014, up from €86 million the previous year.

Logistics and holding company services
The logistics and holding company services segment includes two separate sectors. The former includes the activities unrelated to the other business lines, such as: the Group's historical investments

in media sector companies in eastern France; EI Telecom, which provides mobile telephony services to the Group's retail banking customers; Euro Protection Surveillance, which provides remote surveillance services to individuals. The latter includes the activities for coordinating and carrying the subsidiaries, notably: IT systems; the Group's real estate; the services provided by CM-CIC Services, a subsidiary created in May 2008 to centralize and streamline logistics, payment processes, services platforms and back office services to CM11-CIC members and the local savings banks of other federations. The holding company services sector's results also include the Group's investments and acquisitions (notably goodwill amortization and acquisition refinancing costs), as well as start-up costs of new branches and local banks.
The following table presents the income statement items for the logistics and holding company services segment in 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	585	465	+25.8%
Operating expenses	(1,348)	(1,291)	+4.4%
Gross operating income	(764)	(826)	-7.6%
Cost of risk	(6)	(41)	-85.5%
Gains (losses) on other assets	60	(25)	na
Income before tax	(730)	(892)	-18.2%
Corporate income tax	248	250	-1.1%
Net income	(482)	(642)	-24.9%

** Figures restated for IFRS 10/11*

Net banking income from the logistics and holding company services segment totaled €585 million in 2014, up from €465 million the previous year. These figures reflect the following factors:

- The Group's "logistics and other" sector generated net banking income or gross margins of €1,324 million in 2014, up 0.2% from €1,322 million in 2013. This increase was mainly due to the growth recorded by Euro Information and Euro Protection Surveillance, which contributed €26 million to the increase in net banking income for this business. It was partially offset by the decline in the gross margin of EI Telecom (which fell by €7 million) and the Group's media division (down €11 million). EI Telecom's installed base increased by 90,000 lines in 2014.

- The Group's holding company services sector generated negative net banking income of €740 million in 2014, compared with an €857 million loss in 2013. This improvement was due to the end of the goodwill amortization period of Targobank Germany and the lower carrying cost of non-current assets.

Operating expenses increased by 4.4%, from €1,291 million in 2013 to €1,348 million in 2014 in light of expenses incurred to prepare the IT system migration for the entire Group to a scalable platform.

The cost of risk for this business sector was €6 million in 2014, down from €41 million the previous year; provisions cover delinquent payments at EI Telecom.

Overall, the logistics and holding company services segment recorded a net loss of €482 million in 2014, compared with a net loss of €642 million the previous year.

Analysis of cost of risk and non-performing loans
The cost of risk was €872 million in 2014, down 20% from €1,091 million the previous year, with declines recorded by nearly all of the Group's business lines, although the retail banking and capital markets activities (notably the RMBS activity in New York) accounted for more than 87%. The cost of

risk for the regulatory scope, the CIC network and Cofidis all trended downward, with respective declines of €18 million, €74 million and €18 million.

The following table presents the cost of risk relative to customer loans in 2013 and 2014.

	Year ended December 31	
Cost of risk (% of customer loans)	**2014**	**2013***
Retail banking (excluding Targobank Germany, Cofidis and network's back office branches)	**0.16%**	**0.21%**
Individuals	0.07%	0.08%
Home loans	0.05%	0.06.%
Targobank Germany consumer credit	**1.17%**	**1.25.%**
Cofidis consumer credit	**3.34%**	**3.49%**
Corporate banking (large companies, international, specialized financing)	**0.15%**	**0.20%**
Private banking	**0.03%**	**0.10%**
Overall customer cost of risk	**0.310%**	**0.374%**

* *Figures restated for IFRS 10/11*

As of December 31, 2014, the share of non-performing loans in the overall portfolio fell to 4.42% compared with 4.56% one year earlier. The ratio of non-performing loans covered by provisions fell slightly from 66.9% at end-2013 to 64.8% at end-2014. The following table summarizes the Group figures on non-performing loans and provisions for impaired loans in 2013 and 2014:

	As of December 31	
(€ billions)	**2014**	**2013***
Gross amount of customer loans	295.7	283.1
Non-performing loans	13.1	12.9
Provisions for loan impairment	8.5	8.6
of which, for individual impairment	*7.8*	*7.9*
of which, for collective impairment	*0.7*	*0.7*
Ratio of non-performing loans (individual non-performing loans / gross customer loans)	4.42%	4.56%
Overall non-performing loan coverage ratio	64.8%	66.9%

**Figures restated for IFRS 10/11*

See the Risk report in section III.3 of the 2014 Registration Document for more information on the Group's loan portfolio, risks related to off-balance sheet commitments, provisions and non-performing loans and receivables.

III.1.2.4 –CM11 Group's financial situation

CM11 Group's total assets increased by 6.8% in 2014. The balance sheet structure reflects the Group's commercial banking activity and the measures taken by the Group to strengthen its financial position in order to satisfy new regulatory requirements applicable in the years ahead. In particular:

- The Group finances a greater portion of customer loans through deposits, a trend consistent with its strategy developed in recent years. The loan-to-deposit ratio has steadily improved, falling from 148.4% at year-end 2010 to 121.8% as of December 31, 2104.
- The Group's liquidity risk is carefully managed through a system administered by BFCM based on centralized risk management, which is described in the Risk Report in section III.3. Significant progress has therefore been made in connection with the Basel 3 liquidity ratios, which are now above the 100% threshold; the LCR was 109% as of December 31, 2014.

- CM11 Group has a net stable funding surplus of €25.4 billion. This situation resulted from a deliberate policy over several years to increase deposits and extend wholesale funding maturities.
- The ratio of non-performing loans to total customer loans fell from 4.56% at end-2013 to 4.42% as of December 31, 2014. Moreover, the Group's non-performing loan coverage ratio remained high at 64.76% as of December 31, 2014, compared with 66.93% one year earlier.
- As of December 31, 2014, shareholders' equity was €34.9 billion and common equity tier 1 capital was €26.3 billion. The common equity tier 1 ratio with transitional measures was 14.50%, and the fully loaded common equity tier 1 ratio was 14.4%, one of the best among European banks. The capital adequacy ratio was 17.90% and the leverage ratio was 4.9%.

Assets

Summary. The Group's consolidated assets totaled €543.7 billion as of December 31, 2014, up 6.8% from €509.2 billion one year earlier.
This 6.8% increase was due to several factors: increases in amounts due from central banks (+ €13.5 billion / 66.8%), available-for-sale financial assets (+ €12.6 billion / 14.3%) and loans and receivables due from customers (+ €12.8 billion / 4.6%) and from credit institutions (+ €3.7 billion / 9.4%), partially offset by the decline in financial assets at fair value through profit or loss (- €12.0 billion / 28.3%).

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include financial instruments held for trading (including derivatives) and certain financial assets designated by the Group at fair value through profit or loss as of their acquisition date (including securities in the private equity business). These assets are remeasured at fair value at each closing.
The total amount of financial assets at fair value through profit or loss totaled €30.3 billion as of December 31, 2014, down 28.3% from €42.4 billion one year earlier. This decline was mainly due to an accounting reclassification of repo transactions. Beginning in 2014, these transactions were no longer accounted for using the fair value option. New transactions were classified under loans/borrowings and income and expenses on repurchase agreements were recognized as accrued interest and no longer on a mark-to-market basis in order to better reflect the economic reality of these short-term maturity financing transactions. As of December 31, 2014, financial assets at fair value through profit or loss represented 5.6% of the Group's total assets.

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions consist of sight deposits, interbank loans and reverse repurchase agreements. Loans and receivables due from credit institutions totaled €43.6 billion as of December 31, 2014, up 9.4% from €39.9 billion one year earlier, which was mainly due to cash and cash equivalents deposited with the ECB in connection with the management of the LCR liquidity buffer.

Loans and receivables due from customers. Loans and receivables due from customers totaled €287.2 billion as of December 31, 2014, a 4.6% increase from €274.5 billion one year earlier. This change was driven by the increase in home loans from €145.4 billion at end-2013 to €147.4 billion as of December 31, 2014 along with the increase in repurchase agreements, which rose by €6.4 billion from €0.5 billion at end-2013 to €6.9 billion as of December 31, 2014.

Available-for-sale financial assets. Available-for-sale financial assets include fixed- and variable-income securities that may not be classified as financial assets at fair value through profit or loss or as financial assets held to maturity. These assets are remeasured based on their market or comparable value at each closing, and the change in value is recognized directly in equity.
Available-for-sale financial assets totaled €100.6 billion as of December 31, 2014, up from €88.0 billion one year earlier. This increase largely reflected changes at BFCM and Assurances du Crédit Mutuel.

Liabilities (excluding shareholders' equity)

Summary. The Group's consolidated liabilities totaled €508.9 billion as of December 31, 2014, up 6.6% from €477.2 billion one year earlier. These liabilities include subordinated debt totaling

€6.5 billion as of December 31, 2014 and €5.5 billion one year earlier. The increase in total liabilities observed in 2014 was mainly due to the following factors: an €18.3 billion increase (+96.6%) in liabilities to credit institutions, technical provisions on insurance policies totaling €7.5 billion (+ 9.7%), debt securities in the amount of €7.5 billion (+7.7%) and liabilities to customers (mainly deposits) of €7.3 billion (+3.2%), partially offset by a €13.9 billion decline (-45%) in financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss totaled €16.9 billion as of December 31, 2014, down 45% from €30.9 billion one year earlier as a result of the decline in interbank liabilities.

Liabilities to credit institutions. Liabilities to credit institutions increased by €18.3 billion (+96.6%) to €37.2 billion as of December 31, 2014, with this increase attributable to the reclassification of repurchase agreements.

Liabilities to customers. Liabilities to customers consist mainly of sight deposits, term accounts, regulated savings accounts and repurchase agreements. These liabilities totaled €235.8 billion as of December 31, 2014, compared with €228.5 billion one year earlier. This increase was mainly due to current accounts and regulated savings accounts.

Debt securities. Debt securities consist of negotiable certificates of deposit and bond issues. Debt securities totaled €105.7 billion as of December 31, 2014, up 7.7%. The Group's debt issues are presented in the section "Liquidity and refinancing."

Technical provisions on insurance policies. Technical provisions on insurance policies totaled €84.6 billion as of December 31, 2014, compared with €77 billion one year earlier, a 9.7% increase.

Consolidated shareholders' equity

Consolidated shareholders' equity attributable to the Group was €32.2 billion as of December 31, 2014, compared with €29.6 billion one year earlier. The increase mainly reflected net income in 2014. Non-controlling interests increased from €2,436 million at end-2013 to €2,621 million as of December 31, 2014.

Liquidity and refinancing

The Group's liquidity risk is closely managed through a system administered by BFCM using a centralized risk management system, which is described in section III.3 Risk Report. Liquidity management is based on the following principles:

- Compliance with the French one-month liquidity ratio (one-month deposits and withdrawals) or any other similar ratio applicable locally by each Group entity separately.
- Maintenance of a reserve of liquid negotiable securities that are eligible to be pledged as collateral for loans from the European Central Bank, with these assets covering a market closure lasting more than 30 days and crisis situations affecting the ability to reimburse customers; these liquid assets can be pledged as collateral within days to cover up to 85% of short-term refinancing needs.
- Limitation of the commercial bank's transformation ratio to 90% on maturities ranging from three months to seven years.
- Limited use of the interbank lending market.
- Diversification of refinancing sources by type of investor, geographic market and currency.

In 2014, the Group's sound fundamentals, which are highly regarded by international investors, provided it with very satisfactory access to external resources.

As of December 31, 2014, outstandings from capital market funding totaled €119 billion, up 8% from one year earlier. This increase was mainly due to the strengthening of the LCR liquidity buffer and the use of the ECB's TLTRO in the fourth quarter.

At year-end, short-term money market resources stood at €40.7 billion (+6%) and accounted for 34% of the total amount borrowed in financial markets (compared with 35% at end-2013). Of this short-term funding, one-third now comes from ECP program, reflecting the continued diversification of our refinancing in this area. Short-term certificates of deposit accounted for 47.4% of the total, and interbank deposits made up 18.2%.

We maintained our strategy of consolidating external funding, as medium- and long-term borrowings totaled €78.6 billion at end-2014 (TLTRO included) compared with €71.9 billion one year earlier. Medium- and long-term bonds (issued mainly as part of EMTN programs) accounted for €37.7 billion, subordinated debt made up €7 billion, covered bonds represented €27.5 billion and liabilities to the European Central Bank (TLTRO) totaled €6 billion. The banking networks placed €4.6 billion in senior and subordinated bonds.

Investor relations meetings continued to be held in Europe, of course, as well as in the United States and Asia, especially in Japan.

The recognition enjoyed by the Group among non-European investors was further strengthened in 2014 through the following BFCM issues:
- USD 1,500 million (US Rule 144A offerings) at three and five years in January
- JPY 97.2 billion (€689 million) "samurai" bonds with two-, three- and five-year maturities in two issues in March and October, respectively.

These transactions nicely complemented two public offerings of housing financing bonds (through Crédit Mutuel-CIC Home Loan SFH) totaling €1,500 million and €1,000 million, with five- and 10-year maturities and launched in January and June, respectively. Another €1,500 million public offering was made by BFCM in March 2014.
The Group also issued €1,000 million in tier 2 subordinated notes in May, as part of a transaction designed to protect our unsecured creditors in light of the upcoming "bail-in" rules.

The Group also drew on its EIB refinancing facility in 2014. This €200 million line of credit for the purpose of financing small- and medium-sized businesses satisfying eligibility criteria will in all likelihood be renewed in 2015.

Significant progress was made on the Basel 3 liquidity ratios; the LCR was 109% as of December 31, 2014 while the NSFR is now above the 100% threshold.
The LCR liquidity buffer managed by the central treasury unit represented outstandings of nearly €50 billion at end-2014; it consists mainly of liquidity deposited with the ECB and eligible securities with a low average maturity. This liquidity may be made available within an extremely short time period (58% immediately and up to 92% within a few days).
The ability to withstand a prolonged market closure has been further strengthened. At end-2014, the amount of assets eligible for the LCR and/or the ECB covered 165% of payments due on capital markets funding over the next 12 months (145% at end-2013). The Group's liabilities maturing in 2015 totaled €11.1 billion.

Thanks to the significant increase in the relative share of medium- and long-term refinancing over the past few years, the Group does not consider itself significantly dependent upon short-term market refinancing in order to carry out its current banking activities. In order to supervise its liquidity and refinancing position, the Group uses an indicator known as "stable funding", which corresponds to the sum of equity, customer deposits and medium- and long-term refinancing. This stable funding indicator is compared to the sum of loans and advances to customers, securities held to maturity and mandatory uses of funds (such as the mandatory deposit with Caisse des Dépôts et Consignations of a portion of deposits received from customers on regulated savings accounts). At end-2014, the Group's stable funding totaled €349.3 billion and total loans and advances to customers, securities held to maturity and mandatory uses of funds were €323.9 billion. The Group therefore has a net stable funding surplus of €25.4 billion.

Solvency

As of December 31, 2014, CM11 Group had shareholders' equity of €34.9 billion and common equity tier 1 of €26.3 billion. The common equity tier 1 ratio with transitional measures of the CM11 Group was 14.50% while the fully loaded common equity tier 1 ratio was 14.4%, one of the best at the European level. The capital adequacy ratio was 17.90% and the leverage ratio was 4.9%.

As of 12/31/2014	Basel 3*
CET1 ratio	14.40%
Capital adequacy ratio	17.50%
Leverage ratio ** (Mandatory minimum ratio of 3% as of 1/1/2018)	6.10%

* as adopted by CRR/CRD IV, excluding transitional measures

** recalculated as of 1/1/2015 with the application of the European Commission Delegated Act of 10/10/2014

European supervision – Results of the Asset Quality Review (AQR) and Stress Test

Launched in late 2013 by the European Central Bank, the prudential risk assessment (asset quality review and stress test) required significant participation by staff throughout the entire Crédit Mutuel Group.

The results of this in-depth assessment support the mutual banking Group's business model and confirm its financial strength. In the event, the impacts of the AQR and stress test on the Crédit Mutuel Group's CET1 ratio were 0.1% and 0.9%, respectively, resulting in a 2016 adverse scenario CET1 ratio of 12.9%, one of the very best among all large euro zone banks.

III.2 – Recent events and outlook

In an environment marked by a broad range of economic, social, technological, competitive and regulatory challenges, CM11 Group has focused on the development, adaptability and quality of its service. These are the key areas that will enable it to maintain its identity and stand out from the competition.

As part of its 2014-2016 medium-term plan, CM11 Group set two priorities: continued quality improvements and adaptation to new customer practices in order to satisfy the needs of companies, self-employed professionals and individuals. This focus on tangible results while anticipating future developments constitutes a fundamental aspect of Crédit Mutuel's identity, led by its volunteer directors and employees.

These priorities have been maintained for 2015, with all efforts focused on increasing net banking income. To achieve this goal, the Group will need to maintain its volume of outstanding loans, further develop the consumer credit, leasing and factoring businesses and increase fee and commission income in the insurance, financial transactions and telephony segments. The key to all of these priorities remains providing stock-owning members and customers with excellent service in order to ensure their continued loyalty.

III.3 – CM11 group's risk management

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 management report.

The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.

The description of the controls, review of reporting and action plans undertaken are described in the Chairman of the Board of Directors' report submitted to the Shareholders' Meeting - pages 44 to 57.

The risk management department consolidates overall risk monitoring and optimizes risk management through the amount of capital allocated to each business and return on equity.

In the following document, the word "group" can be used alone but should be understood as "CM11 group"

III.3.1 – Main risks of CM11 group

The Group is exposed to the risks inherent to its activities. A non-exhaustive summary of some of the risks to which the Group is exposed is shown below. These risks, as well as other risks not yet identified or currently deemed not significant by the Group, could have a material adverse effect on its activity, financial position and/or earnings.

III.3.1.1 – Main risks

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 on signature commitments as well as 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.
Exposure to credit risk and measures are developed in more detail in Section III.3.2.2

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, including those in the real estate sector.
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.

Market risks are developed in more detail in Section III.3.4

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.
The data on losses arising from operational risks are developed in more detail in Section III.3.6.10

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).

III.3.1.2 – Risk factors

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 situation and earnings.

The Group's businesses are sensitive to changes in financial markets and economic conditions in France, Europe and generally 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, the capital, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, the volatility of derivatives, inflation or deflation, or adverse geopolitical events (such as natural disasters, acts of terrorism or armed 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 position, earnings 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 sporadically contributed to the shrinking of credit markets, 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 bond issuers in the European Union. The financial markets have recently been and could continue to be highly volatile.

The Group holds debt issued by some of the countries the most affected by the financial crisis. 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, market perception of the impact of the European crisis on French banks has made certain 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 concern 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, earnings and financial position could be adversely affected.

In 2015, the macroeconomic conditions could be affected by several specific risks, including geopolitical tensions and financial market volatility against a backdrop of weak eurozone growth. The measures taken, or that could be taken, by the central banks to stimulate growth and avoid deflation, including quantitative easing measures announced by the European Central Bank, could have an adverse effect on the banking industry by potentially putting pressure on margins without, however, leading to growth in the volume of loans. However, a resurgence of the sovereign debt crisis in Europe, especially in Greece following elections at end-January 2015, cannot be ruled out.

Legislative action and regulatory measures in response to the global financial crisis may have a material adverse effect on 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 mainly include more stringent capital and liquidity requirements, taxes on financial transactions, limits or additional taxation on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and equity interests 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 cancellation or conversion into equity of certain debt instruments, enhanced recovery and resolution regimes, the creation of new and strengthened regulatory bodies, and the transfer of some supervisory functions to the ECB. These measures are, in particular, contained in the BRRD and will be adjusted by national regulators to be included in each country's legislative framework.

As regards the European "banking union", the EU adopted, in October 2013, a Single Supervisory Mechanism (SSM) under the supervision of the ECB. Accordingly, since November 2014 and the Order of November 6, 2014 concerning various provisions for the adjustment of the legislation to be in line with the Single Supervisory Mechanism of credit institutions, the Group and other large eurozone institutions are now under the direct supervision of the ECB. It is not yet possible to assess the potential impact of these measures on the Group and, if any, its extent. However, the uncertainty concerning the application of a certain number of ECB measures and implementation of additional measures could create uncertainty and non-compliance risk and, more generally, the costs generated through implementing the Single Supervisory Mechanism could have an adverse effect on the Group's operating income and financial position.

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 localized 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 2014, France accounted for approximately 83% of the Group's net banking income and approximately 90% of its customer credit risk.

Because of the localization of the Group's business in France, a significant deterioration in French economic conditions would have a greater impact on the Group's results 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 54% of the Group's total portfolio of customer loans, excluding accrued interest as of December 31, 2014) 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 a negative impact 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 August 12, 2014, Fitch Ratings confirmed BFCM's A+ rating and, on July 25, 2014, 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 in the interest paid 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 a certain degree to the alternative support, and in smaller part on 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 solvency. 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 and corresponding risk assessment techniques, procedures and 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 incorrectly 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 malicious intent. 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 specific situations in the 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 Germany, Spain, Italy and North Africa that could expose it to 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. 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 very adverse impact 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;
- introduction of the directive on banking resolution, including bail-in risk (cancellation or conversion into shares of debt, including bonds), in the event of court-ordered reorganization or resolution proceedings;

- 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 adopted recently that have or are likely to have an impact on the Group include (i) the Order of June 27, 2013 on credit institutions and financing companies, which came into force on January 1, 2014; the French Law of July 26, 2013 that provides for the separation of speculative transactions from activities useful for the funding of the economy as well as creating a principle of prioritizing charging losses to the shareholders

and creditors. This Law gives the ACPR extensive powers of intervention, such as the removal of senior executives or the transfer all or part of the activities or assets (ii) the Order of February 20, 2014 concerning various provisions for the adjustment of French legislation to be in line with EU law on financial matters; the Directive and Regulation on regulatory shareholders' equity known as CRD IV of June 26, 2013, of which a large number of provisions have been applicable since January 1, 2014; draft regulation on technical standards and execution relating to the CRD IV Directive and Regulation prepared by the EBA, (iii) the 2013 consultation on the structural reform of the EU's banking sector and the European Commission's proposal to structurally reform the European banking sector of January 29, 2014; the proposed Regulation on benchmark indices, (iv) the European single supervisory mechanism; the European single resolution mechanism, and the European Directive on bank recovery and resolution.

- The ECB carried out a review of balance sheets and conducted stress tests on Europe's largest banks, including the Group. The results of this review were published in October 2014; even though the Group passed these tests and the solidity of its balance sheet and quality of its assets were confirmed, it is possible that future reviews conducted by the ECB, especially when the next series of stress tests are conducted, will give rise to recommendations or corrective measures concerning the Group. Aside from the Single Supervisory Mechanism, the European Parliament adopted the Bank Recovery and Resolution Directive, which increases the powers to prevent and resolve banking crises in order that the losses are borne, as a priority, by banks' creditors and shareholders and provides for the implementation of national resolution funds, from January 1, 2015 to January 1, 2016. On July 14, 2014, the European Union Council adopted a regulation instituting the Single Resolution Mechanism (SRM), which institutes the Single Resolution Council (SRC) as the authority for the introduction of the Single Resolution Mechanism and the Single Resolution Fund (SRF) financed by the banks at national level. The Single Resolution Mechanism (SRM) will be applied as from January 1, 2016. In accordance with the SRM, on October 8, 2014, the European Commission adopted the Delegated Regulation on the temporary system of advances on contributions aimed at covering the Single Resolution Council's administrative expenses during the interim period. On December 19, 2014, the European Union Council adopted the execution Regulation proposed by the EC setting banks' contributions to the Single Resolution Fund, providing for annual contributions to the Single Resolution Fund by banks and calculated proportionally to the amount of their liabilities, excluding shareholders' equity and hedged deposits, and determined based on their risk profiles. After January 1, 2016, the Single Resolution Fund will replace the national resolution funds implemented pursuant to the Directive on Bank Resolution and Recovery. In consequence, the Group's contribution to the Single Resolution Fund will lead to an increase in expenses and, consequently, will have an adverse effect on the Group's operating results. Lastly, the Directive of April 16, 2014 on deposit guarantee systems increasing the level of protection afforded to individuals' deposits in the event of a bank bankruptcy was adopted by the European Parliament on April 15, 2014.

The Group is governed by a substantial and fluctuating body of regulations in the countries and regions where it operates, thereby exposing it 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 a stronger name 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, though, for example, increased price pressure and lower business volumes for the Group and its competitors.

Market downturns may lead to lower revenues from life insurance, brokerage, asset management and other commission- and fee-based businesses.

The recent market slowdown led to a decline in transaction volumes and slower growth of asset management, 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 and financial position.

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.

Uncertainty on the financial strength 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 uncertainty on the strength of other financial institutions or market participants. Financial institutions are closely interrelated as a result of their trading, clearing, counterparty, funding or other activities. As a result, default by, or even rumors or questions about the solvency 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 direct or indirect exposure to many counterparties in the financial sector, including brokers and dealers, commercial banks, investment banks, collective investment funds 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 it holds cannot be realized or is liquidated at prices that are not sufficient to cover 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, prolonged 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 proved lower or higher than expected by the Group, this could result in losses on many other products used by the Group, such as derivatives.

Any significant interest rate change could have a negative impact on 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 affected by numerous factors over which the Group has no control. Changes in market interest rates can have different effects on the interest rates applied to interest-bearing assets and the interest rates paid on contracted debt. 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 have a negative impact on 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 and financial position.

In the context of its lending activities, the Group periodically allocates amounts to provisions for non-performing loans, which are recorded 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 reflecting the recovery rates for the 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 loans or for other reasons, such as deteriorating market conditions, giving rise to an increase in counterparty defaults and bankruptcies, or factors affecting specific countries. 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, or any change in IFRS, as well as the occurrence of loan losses in excess of the provisions set aside, could have an adverse effect on the Group's results and financial position.

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 have a material adverse effect on its performance.

The Group's employees are one of its most essential 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 position and results.

The Group is also exposed to the risk of operational interruption or breakdown of one of its providers of clearing, currency market, clearing house, custodian services, or other financial intermediaries or outside service providers it uses to undertake or facilitate transactions on securities. Insofar as interconnectivity increases with its service providers, the Group can be increasingly exposed to the risk of operational failure of its providers' information systems. The Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed.

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 push up 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 risk could have a negative impact on the Group's profitability and business outlook

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 earnings and financial position. 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.

The legal risks to which the Group is exposed could have an adverse effect on its financial position and results

The Group and some of its employees could be involved in various lawsuits, including civil, administrative and criminal proceedings. The large majority of these proceedings come within the scope of the Group's ordinary activities. Lawsuits increase the risk of losses or of damage to the Group's reputation. Such proceedings or regulatory enforcement measures could also give rise to civil or criminal penalties, which would undermine the Group's activity, financial position and operating income. It is inherently difficult to predict the outcome of lawsuits, regulatory proceedings and orders involving Group entities, in particular if they are initiated by various types of plaintiff, if the amount of damages claimed is not specified or not known, or if it is an unusual proceeding.

When preparing these financial statements, the Group estimated the consequences of legal, regulatory and arbitration proceedings in which it was involved and recognized a provision when the losses associated with these proceedings were likely and could be reasonably estimated. If such estimates prove to be inaccurate or the provisions recognized by the Group prove to be insufficient to cover the risks arising from these proceedings, it could have an adverse material effect on the Group's financial position and results.

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 the Local Banks' operations is limited to the financing it provides in its capacity as the Group's funding arm. Moreover, BFCM has no voting rights or other rights to influence the management, strategy or policies of the Local Banks.

The Local Banks control BFCM and their interests may differ from those of investors in the securities issued by BFCM.

Almost all BFCM shares are directly or indirectly owned by the Local Banks, including 93.1% through the Caisse Féderale de Crédit Mutuel (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. While maintaining BFCM's reputation as a leading issuer is of major importance for the Group, it could happen that some decisions taken by BFCM shareholders' meetings could be contrary to the interests of BFCM bondholders.

BFCM does not participate in the solidarity mechanisms specific to 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 key 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.

Several Local Banks conduct their business under the Crédit Mutuel name but belong to federations that are not part of the Group

Of the 18 Crédit Mutuel federations operating in France, only 11 federations comprise the Group. The banks of seven other federations use Crédit Mutuel's name and logo, or their non-mutual subsidiaries, disclose their membership of Crédit Mutuel. 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 position and earnings

The Group's Local Banks are part of a mutual financial support mechanism that includes all eighteen Crédit Mutuel federations

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.

Some aspects Group's governance are subject to the decisions taken by the Confédération Nationale du Crédit Mutuel

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.

III.3.2 – Credit risk

III.3.2.1 - 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 prescribes the rules and practices applicable within the Group.

III.3.2.1.1 - Loan origination procedures

Loan origination 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 it 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 draws on various analyses performed at different stages in the lending cycle including, in particular:

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

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.

Rating algorithms and expert models have been developed to improve the Group's credit risk assessment procedures and to comply with the regulatory requirements concerning internal ratings-based 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. 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 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;
- the dual review principle;
- the maximum lending limits that have been determined in proportion to the bank's equity;
- whether the interest rate is adapted to the loan's risk profile and capital consumption.

The Group uses a real-time automated decision-making system. 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 107 of the French Decree of November 3, 2014, 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 an individual's approval powers, the decision is made by a Loan Origination Committee, which has formalized operating 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
Each regional bank has a lending team, which reports directly to Executive Management and is independent of the operating departments. 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 for the performance of permanent controls.

III.3.2.1.2 - 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 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, each 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, including the rating of accounts and how well they are functioning. These criteria are used to identify loans for special handling as early as possible. This detection is performed in an automated, systematic and comprehensive manner

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
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/Regulation (EU) 575/2013), 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.

Identification of at-risk items
The process involves identifying all loans to be placed on credit watch and then allocating them to the category corresponding to their situation: sensitive (not downgraded), 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.

III.3.2.2 - Quantified data

III.3.2.2.1 - Summary credit-risk exposure (balance sheet and off-balance sheet)

Exposure

Total gross exposure came to €323.6 billion, up by 1.2% compared with year-end 2013. Loans to customers totaled €288.8 billion, up by 2.2% relative to 2013, while loans to credit institutions were down by 6.7%.

(in € millions)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Loans & receivables			
Credit institutions	34,775	**37,255**	**36,972**
Customers	288,813	**282,630**	**284,093**
Gross exposure	**323,588**	**319,885**	**321,065**
Impairment provisions			
Credit institutions	-3	**-4**	**-4**
Customers	-8,471	**-8,637**	**-8,690**
Net exposure	**315,115**	**311,244**	**312,371**

Source: Accounting - excluding repurchase agreements.

Exposure on commitments given

(in € millions)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Financing commitments given			
Credit institutions	1,452	1,742	1,581
Customers	48,897	49,896	50,886
Guarantee commitments given			
Credit institutions	1,740	2,017	2,003
Customers	15,184	15,169	15,259
Provision for risks on commitments given	156	151	151

Source: Accounting - excluding repurchase agreements.

III.3.2.2.2 - Customer loans

Loans to customers, excluding repos, totaled €288.8 billion, up by 2.2% compared with 2013. On-balance sheet medium- and long-term loans increased by 2.5%, while short-term loans were up slightly by 0.9%.

(in € millions)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Short-term loans	57,169	56,669	57,430
Overdrawn current accounts	7,838	7,694	7,694
Commercial loans	4,992	4,864	4,924
Short-term credit facilities	43,818	43,603	44,318
Export credits	522	508	495
Medium- and long-term loans	217,791	212,504	213,086
Equipment loans	49,490	47,645	47,645
Housing loans	147,167	145,127	145,644
Finance leases	9,267	8,829	8,865
Other loans	11,867	10,903	10,931
Total gross customer loans, excluding non-performing loans	274,960	269,173	270,516
Non-performing loans	13,081	12,905	13,019
Accrued interest	772	553	558
Total gross customer loans	288,813	282,630	284,093

Source: Accounting - excluding repurchase agreements.

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 97.7% of the loans and receivables due from customers.

Performing loans to customers by internal rating

Performing loans to customers by internal rating	Dec. 31, 2014 in %	Dec. 31, 2013 in %
A+ and A-	37.8%	37.3%
B+ and B-	30.3%	30.4%
C+ and C-	21.5%	21.5%
D+ and D-	8.0%	8.4%
E+	2.3%	2.4%

Source: Risk Management.

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 lower	B and lower

Focus on Housing loans

Outstanding home loans increased by 1.4% in 2014 and accounted for 54% of total gross customer loans. Home loans are divided among a very large number of customers and are 87% backed by real property sureties or first-rate guarantees.

(in € millions)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Housing loans	147,167	145,127	145,644
Secured by Crédit Logement or Cautionnement Mutuel Habitat	53,572	53,256	53,256
Secured by mortgage or equivalent, low-risk guarantee	74,334	73,431	73,431
Other guarantees*	19,262	18,440	18,957

Source: Accounting. (*) Other risk-level mortgages, pledges, etc.

Breakdown of loans by customer type

The breakdown of loans by customer type takes into account all the CM11 Group entities.

	Dec. 31, 2014 in %	Dec. 31, 2013* in %	Dec. 31, 2013 in %
Retail	79%	79%	79%
Corporates	18%	18%	18%
Large corporates	1%	1%	2%
Specialized financing and other	1%	1%	1%

*Source: Risk management *Restated for Targobank Spain and BCA in 2013*

Geographical breakdown of customer risk

98% of the identified country risk is in Europe.

With marginal exceptions, the country risk exposure of the portfolio is centered on France and the OECD countries.

Geographical breakdown of customer risk			
	Dec. 31, 2014 in %	Dec. 31, 2013 Restated IFRS 10/11 in %	Dec. 31, 2013 in %
France	90%	91%	90%
Europe, excluding France	8%	8%	9%
Rest of the world	2%	1%	1%

Source: Accounting.

Concentration risk/Exposure by segment

Concentration risk and exposure by segment are addressed in the chapter "Information on pillar 3 of the Basel Accords, as transposed in European regulations".

Major risks

CORPORATE

Concentration of customer credit risk	Dec. 31, 2014	Dec. 31, 2013 *	Dec. 31, 2013
*** Gross commitments in excess of €300m**			
Number of counterparty groups	38	36	36
Total commitments (€m)	24,721	23,420	23,864
of which total statement of financial position (€m)	9,017	7,804	8,086
of which total off-statement of financial position guarantee and financing commitments	15,704	15,616	15,778
*** Gross commitments in excess of €100m**			
Number of counterparty groups	137	129	129
Total commitments (€m)	40,504	38,554	38,997
of which total statement of financial position (€m)	16,010	15,795	16,076
of which total off-statement of financial position guarantee and financing commitments	24,494	22,759	22,921

Source: DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

** Restated for Targobank Spain and BCA in 2013*

BANKING

Concentration of customer credit risk	Dec. 31, 2014	Dec. 31, 2013 *	Dec. 31, 2013
*** Gross commitments in excess of €300m**			
Number of counterparty groups	9	9	9
Total commitments (€m)	5,543	6,036	6,036
of which total statement of financial position (€m)	3,397	3,962	3,962
of which total off-statement of financial position guarantee and financing commitments	2,146	2,074	2,074
*** Gross commitments in excess of €100m**			
Number of counterparty groups	33	27	27
Total commitments (€m)	9,829	9,686	9,686
of which total statement of financial position (€m)	6,605	6,702	6,702
of which total off-statement of financial position guarantee and financing commitments	3,224	2,984	2,984

Source: DGR 4003.
Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

** Restated for Targobank Spain and BCA in 2013*

At-risk items and cost of risk

Non-performing loans and loans in litigation remained stable at €13,081 million as of December 31, 2014, compared with a restated total of €12,905 million as of end-December 2013. These loans accounted for 4.4% of total customer loans compared with 4.6% at the end of 2013.

At year-end 2014, actual net provisioning for known risks represented 0.308% of gross outstanding customer loans, compared with 0.360% at year-end 2013. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.310% of the gross outstanding customer loans, compared with 0.374% as of December 31, 2013. The table below summarizes the main components.

Net additions to/reversals from provisions for loan losses

	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Cost of total customer risk	0.310%	0.374%	0.380%
Banking networks [a]	0.16%	0.21%	0.21%
Individuals	*0.07%*	*0.08%*	*0.08%*
Housing loans	*0.05%*	*0.06%*	*0.06%*
Consumer credit - Targobank Germany	1.17%	1.25%	1.25%
Consumer credit - Cofidis	3.34%	3.49%	3.49%
Financing [b]	0.15%	0.20%	0.20%
Private banking	0.03%	0.10%	0.10%

Source: DGR and Accounting

a. Regulatory scope , CIC, BECM and CIC Iberbanco(excluding Targobank Germany and Cofidis) networks 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, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Individually impaired receivables	13,081	12,905	13,019
Individual impairment	7,787	7,964	8,013
Collective impairment	684	673	676
Coverage ratio	64.8%	66.9%	66.7%
Coverage ratio (individual impairment only)	59.5%	61.7%	61.6%

Source: Accounting.

Outstanding loans to customers that are overdue but not impaired

Dec. 31, 2014 (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	3,598	391	319	0	4,308
Due to central banks	0	0	0	0	0
Governments	0	0	0	0	0
Credit institutions	5	0	0	0	5
Other financial sector	29	2	5	0	36
Non-financial companies	192	25	73	0	290
Retail customers	3,357	365	226	0	3,948
Total	3,598	391	319	0	4,308

(1) Available-for-sale or held-to-maturity debt securities.

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	4,014	34	25	12	4,086
Due to central banks	0	0	0	0	0
Governments	0	0	0		0
Credit institutions	1	0	0	0	1
Other financial sector	40	0	0	0	40
Non-financial companies	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.

III.3.2.2.3 - Interbank loans*

Interbank loans by geographic region

	2014	2013
France	17.3%	33.3%
Europe, excluding France	59.2%	38.8%
Rest of the world	23.5%	27.9%

Source: Counterparty Financial Information Department.
Banks only, excluding CM-CIC Home Loan SFH, Targobank Germany and Cofidis

The breakdown of interbank loans is based on the country of the parent company.
At year-end 2014, exposures mainly concerned European banks, in particular German, French, Swiss and Scandinavian banks. The weight of interbank loans located in Europe outside France increased significantly, while the weight of loans in France and the other countries decreased.

Structure of interbank exposure by internal rating

Internal rating	Equivalent external rating	2014	2013
A+	AAA/AA+	7.2%	0.1%
A-	AA/AA-	10.6%	24.1%
B+	A+/A	58.1%	51.4%
B-	A-	13.7%	8.5%
C and below (excluding default ratings)	BBB+ and below	10.4%	15.9%
Not rated		0.0%	0.0%

Source: Counterparty Financial Information Department.
Banks only, excluding CM-CIC Home Loan SFH, Targobank Germany and Cofidis

In 2014, there was a marked change in the structure of CIC's interbank exposure based on the internal rating.
Loans rated A+ (external equivalent AAA/AA+) and B+ (external equivalent A+/A) grew following the increase in short-term transactions with these ratings, while loans rated A- (external equivalent AA/AA-) and those rated under B- diminished. 90% of outstanding loans are rated B or A (i.e. at least A- in equivalent external ratings), compared with 84% the previous year.

III.3.2.2.4 - Sovereign risk

Sovereign risk is presented in Note 7c to the consolidated financial statements of CM11 Group.

III.3.2.2.5 - 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, 2004	Carrying amount as of Dec. 31, 2013
Debt securities	114,768	103,536
Of which, government securities	24,769	22,755
Of which, bonds	89,999	80,782
Derivative instruments	9,925	8,667
Repurchase agreements & securities lending	15,736	13,643
Gross exposure	140,429	125,846
Provisions for impairment of securities	-100	-101
Net exposure	140,329	125,745

Source: Accounting.

III.3.3 - Asset-liability management (ALM) risk

III.3.3.1 - Organization

The CM11 Group's asset-liability management functions are centralized.

The CM11 Group's decision-making committees concerning asset-liability management are as follows:

- The CM11 Group's ALM Technical Committee decides the implementation of interest rate and liquidity hedges based on the various risk indicators. The committee meets at least quarterly and comprises the CFOs, asset-liability management representatives, and the Chief Risk Officer, as well as BFCM and Marketing representatives.
- The CM11 Group's ALM Monitoring Committee comprises the Group's main senior executives together with the Finance Department, Risk Department and BFCM representatives. It validates the risk limits proposed by the ALM Technical Committee and is kept informed on changes in CM11 Group's ALM risks.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11 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 Group's Risk Committee.
The role and principles governing asset-liability management are defined as follows:

- Asset-liability management is a distinct function from the dealing room, with its own resources.
- The key objective of asset-liability management is to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis.
- Asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest-rate risk arising from the activity of the network.

Asset-liability management helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

*III.3.3.2 - Interest-rate risk management**

Interest rate risk arising on the Group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstanding on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

The Group uses a combination of macro hedging and specific hedging to manage residual interest-rate risk arising from all operations connected with the banking network's business, as well as customer loans involving a material amount or an unusual structure. Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides 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.

Several scenarios are analyzed:

- scenario 1 (core scenario): a 1% increase in market interest rates and a 0.33% increase in inflation;
- scenario 2 (core scenario): a 1% fall in market interest rates and a 0.33% fall in inflation;
- scenario 3: a 2% rise in market interest rates and a 0.66% rise in inflation – refinancing the short-term interest rate gap;
- scenario 4A (stress): a 3 % rise in short-term interest rates, a 1% fall in long rates and stable inflation – refinancing the short-term interest rate gap;
- scenario 4B (stress): a 3% rise in short-term interest rates, a 1% fall in long rates and stable inflation – refinancing the short-term interest rate 50%/long-rate 50% gap;
- scenario 5A: a 2% fall in market interest rates (with floor of 0) and a 0.66% fall in inflation – refinancing the short-term interest rate gap;
- scenario 5B: a 2% fall in market interest rates (with floor of 0) and a 0.66% fall in inflation – refinancing the short-term interest rate 50%/ long-rate 50% gap;

In the core scenario (scenario 2), CM11 Group commercial bank's net interest income was exposed to a fall in rates: -1.92% (-€144.4m in absolute value), compared with -1.56% as of December 31, 2013. In year 2, exposure to the fall in rates was -3.20% (i.e. -€242.9m in absolute value), compared with -2.83% the previous year. At December 31, 2014, the floor fixed at Inflation +0.25% for the authorities to determine the savings rate had been reached. Also the saving 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 in one year and 4% in two years) applying to the commercial bank were complied with.

CM11 commercial bank's NBI sensitivity indicators (excluding the holding company):

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	2.2%	3.5%
Scenario 2	-1.9%	-3.2%
Scenario 3	3.2%	5.3%
Scenario 4A	2.6%	-2.2%
Scenario 4B	5.0%	2.5%
Scenario 5A	1.2%	-1.4%
Scenario 5B	1.3%	-1.0%

4 - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel III 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 +200bp	+4.4%
Sensitivity -200 bp	+1.6%

III.3.3.3 - Liquidity risk management

The CM11 Group attaches great importance to the management of liquidity risk.
The CM11 Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the standard liquidity coefficient and the 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 with 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 CM11 Group consolidated statement of financial position by residual maturity of future contractual cash flows (principal and interest)

2014	**Residual contractual maturities**							
(€ millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 year ≤ 5 years	> 5 years	No fixed maturity (b)	**Total**
Assets								
Financial assets held for trading	1,204	790	4,745	2,044	4,087	3,916	5	16,791
Financial assets at fair value through profit or loss	26	3	0	35	503	46	1,588	2,201
Derivatives used for hedging purposes (assets)	5	0	4,394	9	166	61	12	4,648
Available-for-sale financial assets	2,334	3,485	8,136	3,523	10,488	6,665	861	35,493
Loans and receivables (including finance leases)	43,239	17,077	24,691	30,822	64,648	150,117	1,303	331,896
Held-to-maturity investments	10	2	577	5,012	5,057	5,000	0	15,658
Other assets	1,454	6,117	1,446	13	5,777	46	278	15,130
Liabilities								
Central bank deposits	16	18	25	0	0	0	0	59
Financial liabilities held for trading	1,048	190	3,066	529	2,402	3,349	14	10,596
Financial liabilities at fair value through profit or loss	858	618	1,049	0	0	0	0	2,525
Derivatives used for hedging purposes (liabilities)	18	19	2,611	338	2,400	1,280	3	6,668
Financial liabilities carried at amortized cost	190,673	24,203	53,773	31,347	61,680	43,518	3,409	408,603
Of which, debt securities (including bonds)	*14,014*	*8,000*	*30,689*	*10,687*	*21,883*	*26,419*	*43*	*111,734*
Of which, subordinated debt	*26*	*62*	*1,167*	*810*	*751*	*2,016*	*2,482*	*7,314*

Excluding insurance businesses
(a) Including accrued interest income and expense and securities given and received under repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans, loans in litigation and impairment losses.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

2013	Residual contractual maturities							
(€ millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 year ≤ 5 years	> 5 years	No fixed maturity (b)	**Total**
Assets								
Financial assets held for trading	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
Derivatives 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 (including 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
Financial liabilities held for trading	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
Derivatives 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 (including 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 businesses
(a) Including accrued interest income and expense and securities given and received under repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans, loans in litigation and impairment losses.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

III.3.3.4 - 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 the result, 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.

III.3.3.5 - Equity risk

CM11 Group has exposure to various types of equity risks.

III.3.3.5.1 - Assets measured at fair value through profit or loss

Financial assets held in the trading portfolio amounted to €734 million as at December 31, 2014 compared with €537 million at December 31, 2013 and solely concerned CIC's capital markets business (see Note 5a to the consolidated financial statements).
Financial assets accounted for using the fair value option through profit or loss totaled:
€2,059 million under the fair value option, of which €1,802 million represented the private equity business line (see Note 5a to the consolidated financial statements);
€10,191 million in equities held by the GACM insurance activity (see Note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

III.3.3.5.2 - Available-for-sale financial assets

Financial assets classified as available-for-sale and various long-term investments amounted to €8,143 million and €2,577 million respectively (see Note 7 to the consolidated financial statements).

Long-term investments included:

- investments in non-consolidated subsidiaries totaling €1,840 million and in associates totaling €527 million: the main holdings concern the Maine, Anjou, Basse Normandie and Océan regional banks for €59 million, Club Sagem (€48 million), Desjardins (€54 million), Foncières des Régions (€375 million) and CRH (Caisse de Refinancement de l'Habitat) for €128 million;
- other long-term securities (€210 million).

III.3.3.5.3 - 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 price below the acquisition cost. Net impairment charges through profit or loss totaled €32 million in 2014, compared with €48 million in 2013.
At December 31, 2014, the acquisition value of impaired stocks was €4,014 million and the corresponding impairment provision was €2,099 million. Their market value was €1,916 million.

III.3.3.6 - 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, 2014	Dec. 31, 2013
Number of listed investment lines	34	**35**
Number of unlisted, active investment lines	375	**387**
Revalued proprietary portfolio (€m)	1,996	**1,894**
Managed funds (€m)	360	**363**
Number of managed funds	50	**47**

Source: risk management

III.3.4 - Market risk

III.3.4.1 - General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).
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.3.4.1.1 - Refinancing
A dedicated treasury management team is responsible for refinancing all the activities of the CM11 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.3.4.1.2 - 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.

III.3.4.1.3 - Fixed income/equities/credit investment
This business line is organized around desks specialized in investments in equities/hybrid instruments, spreads and fixed income. 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.3.4.2 - Internal control structures

In 2014, the internal control function continued to improve its organization and monitoring methodologies. It continued to update its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3/CRD4 regulatory changes, in particular the 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 III standards).

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 markets 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 and tax 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 outstandings for each counterparty group,
 - CIC's legal and tax department, which works with the CM-CIC Marchés legal and tax team,
 - CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
• the CM11 Group's periodic controls team, which uses a team of specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.

A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of CMCIC Marchés (in France and in the branches) in relation to the limits prescribed by the Boards of Directors of CIC and BFCM. It is chaired by the member of Executive Management in charge of CM-CIC Marchés and comprises the Chief Executive 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 as part of the general limits set by the Boards of Directors of CIC and BFCM boards of directors, which are kept informed on a regular basis of the risks and results of these activities. The Market Risk Committee also approves the general principles of the "market risk internal model".

*III.3.4.3 - 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-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide decision-makers with an accessible overview of capital markets exposures.

The capital allocated to the Fixed Income, Equity and Credit and Commercial business lines in mainland France, which had remained stable from 2010 to 2012 and reduced in 2013, slightly increased at year-end 2014.
CM11 Group value at risk was €5 million at year-end 2014. A stress mechanism was introduced as part of risk management, with an escalation procedure in the event that limits are exceeded.
For 2015, these activities' limits have been maintained at their 2014 levels. Since last year, the calculation of a capital allocation for the credit valuation adjustment (CVA) charge has been introduced as part of risk monitoring.

The capital consumed by the RMBS business conducted in the New York branch continued to fall in line with the amortization and sale of the portfolio securities managed on a run-off basis. The model provision of $85 million was reversed in view of the improvement in quality of the portfolio and situation. Trading activities are maintained within reduced limits under the supervision of CM-CIC Marchés.

CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate warning limit, the two limits being set by the department 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 CM-CIC Marchés trading desk risks are as follows:
1 – 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 2014, the overall consumption of risk capital rose from €88 million to €103.7 million with a peak of €110 million. This change was attributable to an increase in CAD requirements in respect of General Interest Rate Risk and European Off-balance Sheet Capital Adequacy Requirements (because of the change in the euro/dollar exchange rate on the derivatives).

2 - Hybrid instruments: consumption of risk capital was €66 million on average in 2014 and ended the year at €78.6 million. The stock of convertible bonds reached €1.9 billion at year-end 2014 (€1.6 billion in 2013).

3 - Credit: these positions correspond to either securities/CDS arbitrage, or to index positions, or Itraxx/CDX tranches, or asset-backed securities. On the corporate and financial institution loan portfolio, the consumption of risk capital, which was stable throughout the year, increased on average by around €36 million. For the credit correlation portfolio, based exclusively on iTraxx/CDX tranches, consumption of risk capital stayed at around €20 million throughout the year before ending the year at €12 million. As for the ABS portfolio, consumption of risk capital began the year at €43 million before falling to €33 million in June, ending the year at €36.5 million. This decrease reflected careful

management of risks on peripheral countries throughout the year and a reduction in positions on these countries.

4 - M&A and various actions: consumption of risk capital was €35 million on average in 2014, reaching a maximum of €52 million in October. This rise followed the change in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €329 million at year-end 2014 (with maximum of €485 million at end-October), compared with €155 million at year-end 2013.

5 - Fixed income: the positions relate to directional investments and yield-curve arbitrage, typically with underlying government securities, mostly European. Positions on peripheral countries are very limited. Concerning Italy, following the redemption of €1.7 billion in September, fixed-income investments remained under €400 million. Total government bond investments rose to €4.5 billion in 2013, compared with €3 billion at year-end 2014, €2 billion of which in respect of France. A liquidity portfolio, held to manage the buffer and mainly invested in sovereign debt, is held in BFCM's accounts.

III.3.4.4 – Risk linked to model

The risk linked to model is defined as the loss that would be incurred due to decisions that may be based primarily on the results of internal models, due to errors in their development, implementation or use.
CM-CIC Marché's Risks and Results Control (RRC) team is in charge of developing the specific models used for valuing its positions. At year-end 2014, there were four such models. These models are governed by a general policy validated annually by the Market Risks Committee. It provides for development and documentation by the RRC team, monitoring of their performance, also prepared by the RRC team and reviewed by the Permanent Control department and Group Risks division, for presentation to the Markets Risks Committee. These models are also included in the audit program undertaken by the Group's periodic controls team. The financial challenge for these models can be measured by the level of provision calculated every six months according to a procedure approved by the auditors. At the end of 2014, this provision is zero, reflecting extremely modest positions and a mastery of the hazard.

III.3.4.5 - Credit derivatives

A credit derivative is a derivative similar to a guarantee: the guarantor guarantees the policyholder in case of default of a third party (transmitter) for a certain duration. If the issuer defaults during this period, the guarantor compensates its counterpart for the loss occurred. In exchange for this guarantee, the purchaser pays the contracted guarantee premium, the start of the operation, or throughout the life of the operation. The most common form of credit derivative is the CDS (Credit Default Swap).
These products are used by CM-CIC Marchés and are recognized in its trading portfolio.
CM-CIC Marchés monitors risk 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.
At end 2014, the stock contains €7.9 billion purchase of protection against 6.3 billion sale protection. About half is in index positions, the other half is on Single Names. 15% of the positions is on Sovereign issuers. 70% is on European underlying, 15% North America and 15% to Asia.

III.3.6.6 – Securitization

In the 2014 financial year, Group securitization investments were largely unchanged, with a total carrying amount of €5.6 billion as of December 31, 2014.

Securitization portfolios are managed on a prudent basis and mainly comprise senior securities of high credit rating (69% of the securities are AAA rated and 18% between A- and AA+). They are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, ABS, auto loans, consumer loan ABS, credit card ABS) and geographical exposure (US, Netherlands, UK, France, Italy, Germany).

Investments are undertaken within precise limits, which are validated by the Group Lending department and reviewed at least once a year.
Market activity investments, which represent 88% of securitization investments, also comply with a body of rules specific to CM-CIC Marchés, which strictly govern the portfolio investments and risks.

Regulatory requirements for securitizations have been regularly strengthened since the last financial crisis. Accordingly, specific procedures were implemented. They allow for the detailed monitoring of tranches and the ongoing verification of information on the performance of underlying exposures.

Stress tests are also undertaken on the portfolios each month. In 2014, a review (AQR) of the quality of the assets held, together with stress tests, was conducted by the ECB with satisfactory results.

Breakdown of securitization investments by portfolio (in millions of euros)	
Banking portfolio	4,374
Trading portfolio	1,218
Total	**5,592**

Breakdown of Inv. Grade and Non-Inv. Grade (as %)	
Investment Grade category (of which 69% AAA)	90%
Non-Investment Grade category	10%
Total	**100%**

Geographic breakdown of investments	
USA	33.5%
Netherlands	14.6%
Italy	7.7%
United Kingdom	7.4%
France	6.9%
Germany	5.8%
Spain	2.2%
Norway	1.5%
Ireland	1.4%
Portugal	1.2%
Greece	0.4%
Europe (other countries)	12.7%
Australia	0.5%
Caribbean	0.4%
Other	3.8%
Total	**100.0%**

The Group has very little exposure to the most weakened EU countries (Ireland: 1.4%; Portugal: 1.2%; Greece: 0.4%). Moreover, there is closer monitoring of Non Investment Grade investments and, in the case of Greece, provisions have been raised.

The New York branch holds a residual portfolio of American Non-Investment-Grade RMBS dating from before 2008 in the amount of €463 million managed on a run-off basis. All expected losses on this portfolio are provisioned in full.

III.3.5 - 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 Group's solvency ratio risks is presented in the chapter "Information on pillar 3 of the Basel Accords as transposed in European regulations".

III.3.6 - Operational risk*

In the context of the Basel III 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 COFIDIS France since July 1, 2014.
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.3.6.1 - 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 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: respond effectively to the Basel III requirements and supervisory authorities, develop a reliable system of internal control (Decree of November 3, 2014 on internal control), optimize emergency business continuity plans for mission-critical operations and adapt financial reporting (Pillar 3 of the Basel Accords as transposed in European regulations).

III.3.6.2 - Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.
The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy. It is coordinated by the regional operational risk manager.

III.3.6.3 - Measurement and control procedure

For modeling purposes, the Group relies mainly on the national database of internal losses, based on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.
Risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the Operational Risk Technical Committee. Capital adequacy requirements are calculated at national level and are then split at regional level.
Operational risk mitigation techniques include:
• 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, 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 emergency and business continuity plans: rescue, continuity and recovery plans.

III.3.6.4 - 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. Relevant senior executives and supervisory bodies are regularly provided with information on these issues, including the requirements of the Decree of November 3, 2014.

III.3.6.5 - 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.3.6.6- Emergency and Business Continuity Plans (EBCP)

Emergency and Business Continuity Plans are part of the back-up measures put in place by the Group to limit any losses resulting from operational risk.
"EBCP guidelines", which are the Crédit Mutuel-CIC Group reference document in this field, may be consulted by all personnel concerned and are applied at the level of the regional groups.
Plans are classified into two categories:
• business-specific EBCP relate to a given banking function that is associated with one of the business lines identified in accordance with Basel III;
• cross-functional EBCP relate to activities that constitute business support services (logistics, HR and IT issues).
Plans can be split into three components:
• emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;

• business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;
• back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

III.3.6.7 – Organization of crisis management

Crisis management procedures at Group level and at regional level cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.
These procedures are based on:
• a crisis committee, chaired by the CEO of the bank at regional level or by the Group CEO at national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
• a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit;
• 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 EBCP until the situation returns to normal.

III.3.6.8-Insurance deducted from equity

Operational risk financing programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:
• 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 set up and allocated on an individual system basis.
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 consumption of regulatory equity for operational risks.

III.3.6.9 - Training

Each year, the Group provides operational risk training for the network managers, internal auditors and the operational staff responsible for monitoring these risks.

III.3.6.10 - Inventory of CM11 Group loss events

In 2014, the CM11 Group suffered total operational losses of €332.8 million, including €209.4 million of actual losses and €49.1 million of net reversals of provisions in respect of prior-year losses.
This total breaks down as follows:
• human/procedural error: €259.6 million;
• fraud: €32.7 million;
• legal risk: €29.2 million;
• industrial relations: €5.6 million;
• natural disasters and system malfunctions: €5.6 million.

III.3.7 - Other risks

III.3.7.1 - 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.3.7.2 - 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 EBCP.
As regards the management of social and environmental risks, the measures taken are described in the social considerations section of the social and environmental risks section.

III.4 - CM11 Group Consolidated financial statements

Consolidated statement of financial position (IFRS) - Assets

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Cash and amounts due from central banks	33,791	20,260	4a
Financial assets at fair value through profit or loss	30,363	42,357	5a, 5c
Hedging derivative instruments	4,648	2,767	6a, 5c, 6c
Available-for-sale financial assets	100,562	87,943	7a, 5c
Loans and receivables due from credit institutions	43,606	39,866	4a
Loans and receivables due from customers	287,224	274,451	8a
Remeasurement adjustment on interest-risk hedged investments	599	563	6b
Held-to-maturity financial assets	13,071	12,000	9
Current tax assets	1,253	1,321	13a
Deferred tax assets	1,078	1,047	13b
Accruals and other assets	15,418	14,425	14a
Investments in associates	2,468	2,576	15
Investment property	1,927	1,649	16
Property and equipment	2,840	2,887	17a
Intangible assets	926	1,053	17b
Goodwill	3,960	4,042	18
Total assets	**543,735**	**509,207**	

Consolidated statement of financial position (IFRS) - Liabilities and shareholders' equity

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Central banks	59	460	4b
Financial liabilities at fair value through profit or loss	16,878	30,826	5b, 5c
Hedging derivative instruments	6,668	3,811	6a, 5c, 6c
Due to credit institutions	37,212	18,920	4b
Due to customers	235,831	228,486	8b
Debt securities	105,672	98,156	19
Remeasurement adjustment on interest-risk hedged investments	-2,524	-2,341	6b
Current tax liabilities	558	574	13a
Deferred tax liabilities	1,254	939	13b
Accruals and other liabilities	13,632	12,826	14b
Technical reserves of insurance companies	84,560	77,039	20
Provisions	2,595	2,008	21
Subordinated debt	6,486	5,505	22
Shareholders' equity	**34,856**	**31,997**	
Shareholders' equity attributable to the Group	**32,235**	**29,561**	
Subscribed capital and issue premiums	5,840	5,759	23a
Consolidated reserves	22,978	21,081	23a
Gains and losses recognized directly in equity	1,238	710	23b
Net income for the year	2,179	2,011	
Shareholders' equity attributable to minority interests	**2,621**	**2,436**	
Total liabilities and shareholders' equity	**543,735**	**509,207**	

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

CONSOLIDATED INCOME STATEMENT (IFRS)

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Interest income	17,896	16,839	**25**
Interest expense	-12,277	-10,723	**25**
Fee and commission income	3,743	3,705	**26**
Fee and commission expense	-892	-899	**26**
Net gain (loss) on financial instruments at fair value through profit or loss	456	-180	**27**
Net gain (loss) on available-for-sale financial assets	148	344	**28**
Income from other activities	14,786	14,469	**29**
Expenses on other activities	-11,886	-11,660	**29**
Net banking income	**11,973**	**11,894**	
Operating expenses	-7,042	-6,877	**30a, 30b**
Depreciation, amortization and impairment of non-current assets	-504	-505	**30c**
Gross operating income	**4,427**	**4,512**	
Net additions to/reversals from provisions for loan losses	-872	-1,091	**31**
Operating income	**3,555**	**3,421**	
Share of net income (loss) of associates	71	4	**15**
Gains (losses) on other assets	5	5	**32**
Change in value of goodwill	-21	0	**33**
Net income before tax	**3,610**	**3,431**	
Corporate income tax	-1,195	-1,217	**34**
Net income	**2,415**	**2,214**	
Net income attributable to minority interests	235	203	
Net income attributable to the Group	**2,179**	**2,011**	

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

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Net income	**2,415**	**2,214**	
Translation adjustments	60	-10	
Remeasurement of available-for-sale financial assets	624	392	
Remeasurement of hedging derivative instruments	4	75	
Share of unrealized or deferred gains and losses of associates	21	19	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**710**	**475**	
- Actuarial gains and losses on defined benefit plans	-102	8	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**-102**	**8**	**23c, 23d**
Net income and gains and losses recognized directly in shareholders' equity	**3,023**	**2,697**	
attributable to the Group	*2,707*	*2,453*	
attributable to minority interests	*316*	*244*	

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

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

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, 2012	**5,808**	**0**	**19,627**	**-2**	**514**	**-80**	**-163**	**1,622**	**27,326**	**2,441**	**29,767**
Appropriation of earnings from previous year			1,622					-1,622	0		0
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**	**0**	**1,454**	**0**	**0**	**0**	**0**	**-1,622**	**-217**	**-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 and derivative instruments					399	39			438	28	466
Change in actuarial gains and losses							7		7		7
Translation adjustments				-20					-20		-20
Sub-total	**0**	**0**	**0**	**-20**	**399**	**39**	**7**	**2,011**	**2,436**	**231**	**2,667**
Impact of acquisitions and disposals on minority interests									0		0
Other movements						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**
Appropriation of earnings from previous year			2,011					-2,011	0		0
Capital increase	81								81		81
Distribution of dividends			-137						-137	-107	-244
Change in investments in subsidiaries not resulting in loss of control			54						54	-111	-56
Sub-total: movements arising from shareholder relations	**81**	**0**	**1,928**	**0**	**0**	**0**	**0**	**-2,011**	**-1**	**-218**	**-219**
Consolidated net income for the year								2,179	2,179	235	2,415
Change in fair value of available-for-sale financial assets and derivative instruments					542	2			543	81	625
Change in actuarial gains and losses							-98		-98	-2	-100
Translation adjustments				82					82	1	83
Sub-total	**0**	**0**	**0**	**82**	**542**	**2**	**-98**	**2,179**	**2,707**	**316**	**3,023**
Impact of acquisitions and disposals on minority interests									0	-37	-37
Other movements	0	0	-32	0	0	0	0	0	-33	125	92
Shareholders' equity at December 31, 2014	**5,840**	**0**	**22,978**	**60**	**1,455**	**-23**	**-254**	**2,179**	**32,235**	**2,621**	**34,856**

(1) Reserves as of December 31, 2014 include the legal reserve of €256 million, regulatory reserves for a total of €3,739 million and other reserves amounting to €18,983 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	2014	2013 restated*
Net income	2,415	2,214
Corporate income tax	1,195	1,217
Income before corporate income tax	**3,610**	**3,431**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	487	503
- Impairment of goodwill and other non-current assets	-19	24
+/- Net additions to/reversals from provisions and impairment losses	199	4,318
+/- Share of net income/loss of associates	42	-61
+/- Net loss/gain from investing activities	7	0
+/- Income/expense from financing activities	0	0
+/- Other movements	-2,191	2,493
= Total non-monetary items included in income before tax and other adjustments	**-1,475**	**7,277**
+/- Cash flows relating to interbank transactions	12,478	-5,526
+/- Cash flows relating to customer transactions	-4,555	4,964
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-1,427	-15,585
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	225	1,018
- Corporate income tax paid	-1,041	-1,180
= Net decrease/increase in assets and liabilities from operating activities	**5,679**	**-16,310**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**7,813**	**-5,602**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	268	-35
+/- Cash flows relating to investment property	1	-451
+/- Cash flows relating to property, equipment and intangible assets	-367	-520
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-98**	**-1,007**
+/- Cash flows relating to transactions with shareholders	20	-296
+/- Other cash flows relating to financing activities	4,379	5,603
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**4,398**	**5,308**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**417**	**-146**
Net increase (decrease) in cash and cash equivalents	**12,531**	**-1,447**
Net cash flows from (used in) operating activities	7,813	-5,602
Net cash flows from (used in) investing activities	-98	-1,007
Net cash flows from (used in) financing activities	4,398	5,308
Impact of movements in exchange rates on cash and cash equivalents	417	-146
Cash and cash equivalents at beginning of year	20,187	21,663
Cash accounts and accounts with central banks and post office banks	19,799	10,068
Demand loans and deposits - credit institutions	388	11,595
Cash and cash equivalents at end of year	32,718	20,216
Cash accounts and accounts with central banks and post office banks	33,733	19,792
Demand loans and deposits - credit institutions	-1,014	424
CHANGE IN CASH AND CASH EQUIVALENTS	**12,531**	**-1,447**

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

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 have been drawn up in accordance with IFRS adopted by the European Union as of December 31, 2014. These standards include IAS 1-41, IFRS 1-8 and IFRS 10-12, and any SIC and IFRIC interpretations adopted as of that date. Standards not adopted by the European Union have not been applied.

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 financial statements are presented in accordance with the format recommended in Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS financial statements. They are prepared in accordance with International Accounting Standards as adopted by the European Union.

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

Standards and interpretations adopted since January 1, 2014:

- IFRS 10, 11, 12, and IAS 28R concerning consolidation, which include the following changes:
  - ✓ a model according to which an entity's consolidation is based is based solely on the concept of control, with a single definition of control applicable to each type of entity ("standard" or "ad hoc");
  - ✓ an application guide for situations in which control is more difficult to assess, including precision on the distinction between substantive and protection rights, and on the analysis of agent relations versus principal;
  - ✓ suppression of the proportionate consolidation method for jointly controlled entities, which are now accounted for using the equity method,
  - ✓ new disclosures on determining the scope of consolidation as well as on the risks associated with interests in other entities (subsidiaries, jointly controlled entities, associated entities, non-consolidated structured entities).
- amendments of:
  - ✓ IAS 32 aimed at clarifying the conditions in which the criteria for offsetting of financial assets and financial liabilities are applied;
  - ✓ IAS 39 on the novation of derivatives. This amendment allows, by way of exception, hedge accounting where a derivative, which has been categorized as a hedging instrument, is transferred by novation from one counterparty to another central counterparty as a result of legislative or regulatory provisions;
  - ✓ IAS 36 aimed at clarifying the scope of application of disclosures on the recoverable amounts of non-financial assets.

  These amendments had no material impact on the Group accounts.

Standards and interpretations adopted by the European Union and not yet applied because of the effective date:

- IFRIC 21 on levies. The application date will be January 1, 2015, and the expected impact is limited.

- ❑ **Impacts of first adoption of IFRS 10**

The first adoption of IFRS 10 had no impact on the Group financial statements as of December 31, 2014. Indeed, the analyses undertaken together with the application of IFRS 10 helped to categorize, in particular, the UCITS shown in the assets of insurance companies. Because the impact of the consolidation of the entities categorized was deemed not significant at Group level, these entities were not included in the scope of consolidation.

- **Impacts of first adoption of IFRS 11**

Pursuant to IFRS 11, restated financial statements were prepared because of the change in the consolidation method for jointly controlled entities. TARGOBANK Spain and Banque CASINO, 50% owned by the Group and previously consolidated proportionally, are now consolidated using the equity method.

in € millions	Dec. 31, 2013 published	Impact of IFRS 11	Dec. 31, 2013 restated
Assets			
Cash and amounts due from central banks	20,268	-8	20,260
Financial assets at fair value through profit or loss	42,358	0	42,357
Hedging derivative instruments	2,767	0	2,767
Available-for-sale financial assets	87,998	-55	87,943
Loans and receivables due from credit institutions	39,583	283	39,866
Loans and receivables due from customers	275,860	-1,410	274,451
Remeasurement adjustment on interest-risk hedged investments	562	1	563
Held-to-maturity financial assets	12,000	0	12,000
Current tax assets	1,322	-1	1,321
Deferred tax assets	1,062	-16	1,047
Accruals and other assets	14,457	-32	14,425
Non-current assets held for sale	4	-4	0
Investments in associates	2,163	413	2,576
Investment property	1,649	0	1,649
Property and equipment	2,895	-8	2,887
Intangible assets	1,056	-2	1,053
Goodwill	4,251	-209	4,042
Total Assets	**510,256**	**-1,050**	**509,207**

Liabilities and shareholders' equity			
Central banks	460	0	460
Financial liabilities at fair value through profit or loss	30,880	-54	30,826
Hedging derivative instruments	3,811	0	3,811
Due to credit institutions	19,067	-148	18,920
Due to customers	229,311	-825	228,486
Debt securities	98,156	0	98,156
Remeasurement adjustment on interest-risk hedged investments	-2,342	1	-2,341
Current tax liabilities	580	-6	574
Deferred tax liabilities	939	0	939
Accruals and other liabilities	12,842	-16	12,826
Liabilities associated with assets held for sale	0	0	0
Technical reserves of insurance companies	77,039	0	77,039
Provisions	2,009	-1	2,008
Subordinated debt	5,505	0	5,505
Shareholders' equity	**31,997**	**0**	**31,997**
Shareholders' equity attributable to the Group	**29,561**	**0**	**29,561**
Subscribed capital and issue premiums	5,759	0	5,759
Consolidated reserves	21,081	0	21,081
Gains and losses recognized directly in equity	710	0	710
Net income for the year	2,011	0	2,011
Shareholders' equity attributable to minority interests	**2,436**	**0**	**2,436**
Total Liabilities and shareholders' equity	**510,256**	**-1,050**	**509,207**

Income statement			
Interest income	16,917	-79	16,839
Interest expense	-10,745	22	-10,723
Fee and commission income	3,738	-34	3,705
Fee and commission expense	-902	3	-899
Net gain (loss) on financial instruments at fair value through profit or loss	-178	-2	-180
Net gain (loss) on available-for-sale financial assets	344	0	344
Income from other activities	14,464	5	14,469
Expenses on other activities	-11,661	1	-11,660
Net banking income	**11,977**	**-83**	**11,894**
Operating expenses	-6,924	47	-6,877
Depreciation, amortization and impairment of non-current assets	-507	2	-505
Gross operating income	**4,546**	**-34**	**4,512**
Net additions to/reversals from provisions for loan losses	-1,112	22	-1,091
Operating income	**3,434**	**-13**	**3,421**
Share of net income (loss) of associates	-5	9	4
Gains (losses) on other assets	7	-2	5
Net income before tax	**3,436**	**-5**	**3,431**
Corporate income tax	-1,222	5	-1,217
Net income	**2,214**	**0**	**2,214**
Net income attributable to minority interests	203	0	203
Net income attributable to the Group	**2,011**	**0**	**2,011**

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 stock-owning members, 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.

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IFRS 10, IFRS 11 and IAS28R.

The consolidation scope comprises:

- ***Controlled entities*** : control is considered to be exercised when the Group holds power over the entity, is exposed or is entitled to variable returns because of its links with the entity, and can exercise its power over the entity to influence its returns. 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 providing for joint control of an entity, which exists only if the decisions concerning the entity's key activities require unanimous agreement of the parties sharing the control. Two or more parties exercising joint control constitute a partnership, which is either a jointly controlled operation or a jointly controlled entity:

- a jointly controlled operation is a partnership where the parties that exercise joint control have rights to and obligations for the underlying assets and liabilities: the assets, liabilities, revenues and expenses are accounted for proportionally to the interest held in the entity;
- a jointly controlled entity is a partnership where the parties that exercise joint control have rights to the entity's net assets: jointly controlled entities are accounted for using the equity method.

All the entities under the joint control of the Group are jointly controlled entities within the meaning of IFRS 11.

- 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.

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 for the year ended December 31, 2014 were as follows:

- Additions: VN-retail GmbH, CM-CIC Capital and investments in associates.

- Merger/absorption: VN-retail GmbH with Targobank AG, Carmen Holding Investissement with BFCM, L'alsace with SAP Alsace (formerly SFEJIC), SOFIM with CIC Nord Ouest.

- Removals: Serficom Family Office Inc, Agefor SA Genève, Banca Popolare di Milano, Pasche Bank & Trust Ltd, Banque Pasche (Liechtenstein) AG, CMCIC Securities London Branch, Lafayette CLO 1 Ltd, Saint-Pierre SNC, Calypso Management Company, LRM Advisory SA, Monabanq Belgique, Cofidis Argentine, Agence générale d'informations régionales.

Following the disposal of Banca Popolare di Milano (the impacts of which are shown in Note 14), the companies holding only this entity's shares were deconsolidated as of June 30, 2014. These companies are: CIC Migrations, Cicor, Cicoval, Efsa, Gestunion 2, Gestunion 3, Gestunion 4, Impex Finance, Marsovalor, Pargestion 2, Pargestion 4, Placinvest, Sofiholding 2, Sofiholding 3, Sofiholding 4, Sofinaction, Ufigestion 2, Ugépar Service, Valimar 2, Valimar 4, VTP 1, VTP 5.

- Change of name: SFEJIC became SAP Alsace, BCMI became Fivory.

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 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.

- **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. It applies to all entities under joint control, qualified as jointly controlled entities or for all 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.

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.

- **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 no longer includes 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

Non-controlling interests correspond to interests that do not provide control as defined in IFRS 10, and include 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

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. Following the definition of this concept by the European Banking Authority, it was incorporated in the Group's information systems in order that the accounting and prudential definitions were harmonized. The relevant figures are shown in the management report.

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 and available-for-sale or held-to-maturity debt instruments, provisions for financing commitments and financial guarantees given

- 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 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 and loans.

- 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: They are mainly 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 in IAS 39. This option is intended to 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.

The Group used this option mainly in connection with insurance business units of account contracts in line with the treatment applied to 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*

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.
The data observable on a market are to be used provided that they reflect a transaction's reality in normal conditions at the date of valuation and that it is not necessary to make too large an adjustment to this value. In the other cases, the Group uses non-observable mark-to-model data.
Derivatives are remeasured using observable market data (for example, yield curves). The bid/ask concept must therefore be applied to these observable data.
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.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting. 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 recognized initially and subsequently 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 calculated using fair value. They are recognized in "Net additions to/reversals from provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred losses are recognized in 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 losses are recognized in 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 losses*

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 markets activities, this concerns debt securities that are quoted by at least three 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 assets or liabilities that are not observable market data (non-observable data). This category notably includes non-consolidated equity investments whether or not held through venture capital entities, in market activities, debt securities listed by a sole contributor and derivatives mainly using non-observable parameters. The instrument is classified at the same level as the entry data of the lowest level which is material for the fair value overall. Given the diversity and volume of the instruments valued at level 3, the sensitivity of the fair value to changes in parameters would be immaterial.

- 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 to meet clients' exact needs. They comprise basic products - generally options. 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 groups of methods for 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 recognized in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though 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 securities

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 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 initially at fair value in the statement of financial position, and are subsequently valued on reporting dates at amortized cost using the effective interest rate 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).

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 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.

1.3.11 Employee benefits

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 Studie*s) 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.
In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA.

- 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 policies and valuation methods applicable to the assets and liabilities generated by the issuance of insurance contracts are established pursuant to IFRS 4. They also apply to reinsurance contracts issued or subscribed, and to financial contracts that have 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, recognized 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 "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:

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 Commissions

The Group recognizes in profit or loss commission income and expenses on services depending on the type of services to which they relate.
Commissions directly linked to setting up a loan are recognized over the term of the loan (cf. §1.3.1).
Commissions representing consideration for an ongoing service are recognized over the term of the service rendered.
Commissions representing consideration for the execution of a material deed are taken to profit or loss in full when the deed is executed.

1.3.15 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.

1.3.16 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.

1.3.17 Financial guarantees (sureties, deposits and other guarantees) and financing commitments

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.

1.3.18 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.

1.3.19 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”.

1.3.20 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 - Breakdown of the income statement by activity and geographic region

The Group's activities are as follows:

• Retail banking brings together the CM11 bank network, CIC's regional banks, Targobank Germany, 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 management, 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, 2014	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	12,305	0	2,855	678	0	17,953	33,791
Financial assets at fair value through profit or loss	155	12,725	15,230	176	2,003	74	30,363
Hedging derivative instruments	1,822	0	1,665	2	0	1,159	4,648
Available-for-sale financial assets	1,023	64,134	32,014	2,307	8	1,076	100,562
Loans and receivables due from credit institutions	25,699	35	13,942	1,323	6	2,602	43,606
Loans and receivables due from customers	257,373	507	18,734	10,432	0	178	287,224
Held-to-maturity financial assets	57	12,414	10	0	0	589	13,071
Investments in associates	1,405	187	0	0	0	876	2,468
LIABILITIES							
Cash, central banks, post office banks	0	0	0	59	0	0	59
Financial liabilities at fair value through profit or loss	100	5,110	11,495	173	0	0	16,878
Hedging derivative instruments	1,096	0	5,328	207	0	37	6,668
Due to credit institutions	0	0	37,212	0	0	0	37,212
Due to customers	204,161	98	12,955	16,507	0	2,110	235,831
Debt securities	30,859	0	74,794	20	0	0	105,672

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	7,455	0	4,121	1,325	0	7,359	20,260
Financial assets at fair value through profit or loss	384	12,639	27,273	97	1,903	60	42,357
Hedging derivative instruments	1,517	0	909	4	0	337	2,767
Available-for-sale financial assets	1,035	55,715	27,794	2,772	12	615	87,943
Loans and receivables due from credit institutions	26,033	139	12,222	1,439	6	27	39,866
Loans and receivables due from customers	252,824	316	12,667	8,554	1	88	274,451
Held-to-maturity financial assets	55	11,262	76	20	0	588	12,000
Investments in associates	1,603	247	0	0	0	727	2,576
LIABILITIES							
Cash, central banks, post office banks	0	0	0	460	0	0	460
Financial liabilities at fair value through profit or loss	296	3,595	26,815	121	0	0	30,826
Hedging derivative instruments	1,227	0	2,292	241	0	50	3,811
Due to credit institutions	0	0	18,919	0	0	0	18,920
Due to customers	195,605	93	12,081	15,752	1	4,954	228,486
Debt securities	32,158	0	65,979	19	0	0	98,156

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

Dec. 31, 2014	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	9,124	1,591	718	458	149	585	-651	11,973
General operating expenses	-5,761	-427	-285	-338	-38	-1,348	651	-7,546
Gross operating income	3,363	1,164	433	120	111	-764	0	4,427
Net additions to/reversals from provisions for loan losses	-893		29	-2		-6		-872
Net gain (loss) on disposal of other assets	70	-55		1		40		55
Net income before tax	2,539	1,110	461	119	111	-730	0	3,610
Corporate income tax	-858	-430	-124	-32		248		-1,196
Net income (loss)	**1,682**	**680**	**338**	**87**	**111**	**-482**	**0**	**2,415**
Net income attributable to minority interests								235
Net income attributable to the Group								**2,179**

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)	9,224	1,440	826	444	119	465	-624	11,894
General operating expenses	-5,668	-411	-273	-329	-34	-1,291	624	-7,382
Gross operating income	3,556	1,028	554	115	85	-826		4,512
Net additions to/reversals from provisions for loan losses*	-998	0	-44	-8	0	-41		-1,091
Net gain (loss) on disposal of other assets	62	-28		0		-25		9
Net income before tax	2,620	1,000	509	108	85	-892		3,431
Corporate income tax	-876	-372	-182	-38	0	250		-1,217
Net income (loss)	**1,744**	**628**	**328**	**70**	**86**	**-642**	**0**	**2,214**
Net income attributable to minority interests								203
Net income attributable to the Group								**2,011**

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

	Dec. 31, 2014				Dec. 31, 2013			
	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	28,786	2,147	2,858	33,791	13,195	2,943	4,122	20,260
Financial assets at fair value through profit or loss	29,013	521	829	30,363	40,575	522	1,260	42,357
Hedging derivative instruments	4,645	3	0	4,648	2,757	4	5	2,767
Available-for-sale financial assets	95,414	4,172	977	100,562	82,606	4,825	512	87,943
Loans and receivables due from credit institutions	40,004	2,181	1,421	43,606	36,417	2,236	1,212	39,866
Loans and receivables due from customers	258,530	24,017	4,677	287,224	248,572	22,705	3,174	274,451
Held-to-maturity financial assets	13,070	0	0	13,071	11,981	20	0	12,000
Investments in associates	1,220	682	566	2,468	1,101	916	559	2,576
LIABILITIES								
Cash, central banks, post office banks	0	59	0	59	0	460	0	460
Financial liabilities at fair value through profit or loss	16,229	479	170	16,878	30,194	500	133	30,826
Hedging derivative instruments	6,443	207	18	6,668	3,543	241	27	3,811
Due to credit institutions	22,460	9,709	5,044	37,212	8,998	5,222	4,700	18,920
Due to customers	207,281	27,912	638	235,831	202,306	25,494	686	228,486
Debt securities	98,961	2,352	4,358	105,672	92,109	1,638	4,410	98,156

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2014				Dec. 31, 2013			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income	9,923	1,855	196	11,973	9,794	1,919	181	11,894
General operating expenses	-6,093	-1,366	-87	-7,546	-5,982	-1,320	-79	-7,382
Gross operating income	3,830	488	109	4,427	3,811	598	102	4,512
Net additions to/reversals from provisions for loan losses	-711	-236	74	-872	-809	-280	-2	-1,091
Net gain (loss) on disposal of other assets**	56	18	-18	55	-12	13	9	10
Net income before tax	3,175	270	165	3,610	2,990	332	109	3,431
Net income	2,088	201	125	2,415	1,871	266	77	2,214
Net income attributable to the Group	1,902	151	126	2,179	1,717	217	77	2,011

** USA, Singapore, Tunisia and Morocco*

*** In 2014, 19% 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 - Consolidation scope

3a - 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),
- la 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,

	Country	Dec. 31, 2014			Dec. 31, 2013		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network							
Banque Européenne du Crédit Mutuel (BECM)	France	100	99	FC	100	99	FC
BECM Frankfurt (a branch of BECM)	Germany	100	99	FC	100	99	FC
BECM Saint Martin (a branch of BECM)	Saint Martin	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	94	FC
CIC Iberbanco	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	94	FC	100	94	FC
CIC Nord-Ouest	France	100	94	FC	100	94	FC
CIC Ouest	France	100	94	FC	100	94	FC
CIC Sud Ouest	France	100	94	FC	100	94	FC
Crédit Industriel et Commercial (CIC)	France	95	94	FC	94	94	FC
CIC London (a branch of CIC)	United Kingdom	100	94	FC	94	94	FC
CIC New York (a branch of CIC)	United States	100	94	FC	94	94	FC
CIC Singapore (a branch of CIC)	Singapore	100	94	FC	94	94	FC
Targobank AG & Co. KGaA	Germany	100	99	FC	100	99	FC
Targobank Spain	Spain	50	49	EM	50	50	EM
B. Banking network - subsidiaries							
Banca Popolare di Milano	Italy			NC	7	7	EM
Bancas	France	50	49	EM	50	50	EM
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banque de Tunisie	Tunisia	34	34	EM	34	33	EM
Banque du Groupe Casino	France	50	49	EM	50	50	EM
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	91	FC	90	92	FC
CM-CIC Bail	France	100	94	FC	100	94	FC
CM-CIC Epargne salariale	France	100	94	FC	100	94	FC
CM-CIC Factor	France	95	92	FC	95	92	FC
CM-CIC Gestion	France	100	91	FC	100	92	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	94	FC
CM-CIC Leasing GmbH	Germany	100	94	FC	100	94	FC
Cofidis Argentina	Argentina			NC	66	36	FC
Cofidis Belgium	Belgium	100	54	FC	100	54	FC
Cofidis France	France	100	54	FC	100	54	FC
Cofidis Spain (a branch of Cofidis France)	Spain	100	54	FC	100	54	FC
Cofidis Hungary (a branch of Cofidis France)	Hungary	100	54	FC	100	54	FC
Cofidis Portugal (a branch of Cofidis France)	Portugal	100	54	FC	100	54	FC
Cofidis Italy	Italy	100	54	FC	100	54	FC
Cofidis Czech Republic	Czech Republic	100	54	FC	100	54	FC
Cofidis Slovakia	Slovakia	100	54	FC	100	54	FC
Creatis	France	100	54	FC	100	54	FC
FCT CM-CIC Home loans	France	100	99	FC	100	99	FC
Fivory (formerly BCMI)	France	100	99	FC	100	99	FC
Monabanq	France	100	54	FC	100	54	FC
Monabanq Belgium (a branch of Monabanq)	Belgium			NC	100	54	FC
Saint-Pierre SNC	France			NC	100	94	FC
SCI La Tréflière	France	100	99	FC	100	100	FC
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	France	100	54	FC	100	54	FC
Sofim	France			MER	100	94	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 (BFCM)	France	99	99	FC	99	99	FC
Banque Fédérative du Crédit Mutuel Francfort (a branch of BFCM)	Germany	100	99	FC	100	99	FC
Cigogne Management	Luxembourg	100	96	FC	100	96	FC
CM-CIC Securities	France	100	94	FC	100	94	FC
CM-CIC Securities London Branch (a branch of CM-CIC Securities)	UK			NC	100	94	FC
Diversified Debt Securities SICAV - SIF	Luxembourg	100	94	FC	100	94	FC
Divhold	Luxembourg	100	94	FC	100	94	FC
Lafayette CLO 1 LtD	Cayman Islands			NC	100	94	FC
Ventadour Investissement	France	100	99	FC	100	99	FC
D. Private banking							
Agefor SA Genève	Switzerland			NC	70	65	FC
Banque de Luxembourg	Luxembourg	100	94	FC	100	94	FC
Banque Pasche	Switzerland	100	94	FC	100	94	FC
Banque Pasche (Liechtenstein) AG	Liechtenstein			NC	53	49	FC
Banque Transatlantique (BT)	France	100	94	FC	100	94	FC
Banque Transatlantique Belgium	Belgium	100	94	FC	100	94	FC
Banque Transatlantique London (a branch of BT)	UK	100	94	FC	100	94	FC
Banque Transatlantique Luxembourg	Luxembourg	100	94	FC	100	94	FC
Banque Transatlantique Singapore Private Ltd	Singapore	100	94	FC	100	94	FC
Calypso Management Company	Cayman Islands			NC	70	65	FC
CIC Switzerland	Switzerland	100	94	FC	100	94	FC
Dubly-Douilhet Gestion	France	100	94	FC	100	94	FC
LRM Advisory SA	Bahamas			NC	70	65	FC
Pasche Bank & Trust Ltd Nassau	Bahamas			NC	100	94	FC
Pasche Finance SA Fribourg	Switzerland	100	94	FC	100	94	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil	97	91	FC	97	91	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil	100	94	FC	100	94	FC
Serficom Family Office Inc	Bahamas			NC	100	94	FC
Serficom Family Office SA	Switzerland	100	94	FC	100	94	FC
Transatlantique Gestion	France	100	94	FC	100	94	FC
Trinity SAM (formerly Banque Pasche Monaco SAM)	Monaco	100	94	FC	100	94	FC

	Country	Dec. 31, 2014			Dec. 31, 2013		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
E. Private equity							
CM-CIC Capital et Participations	France	100	94	FC			
CM-CIC Capital Finance	France	100	94	FC	100	94	FC
CM-CIC Capital Innovation	France	100	94	FC	100	93	FC
CM-CIC Conseil	France	100	94	FC	100	94	FC
CM-CIC Investissement	France	100	94	FC	100	93	FC
CM-CIC Proximité	France	100	94	FC	100	94	FC
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	94	FC
Carmen Holding Investissement	France			MER	100	99	FC
CIC Migrations	France			NC	100	94	FC
CIC Participations	France	100	94	FC	100	94	FC
Cicor	France			NC	100	94	FC
Cicoval	France			NC	100	94	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	55	54	FC
Efsa	France			NC	100	94	FC
Est Bourgogne Rhone Alpes (EBRA)	France	100	99	FC	100	99	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
Gesteurop	France	100	94	FC	100	94	FC
Gestunion 2	France			NC	100	94	FC
Gestunion 3	France			NC	100	94	FC
Gestunion 4	France			NC	100	94	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	99	FC	100	99	FC
Impex Finance	France			NC	100	94	FC
L'Est Républicain	France	92	91	FC	92	91	FC
Marsovalor	France			NC	100	94	FC
Pargestion 2	France			NC	100	94	FC
Pargestion 4	France			NC	100	94	FC
Placinvest	France			NC	100	93	FC
SAP Alsace (formerly SFEJIC)	France	99	97	FC	99	98	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	France	100	99	FC	100	100	FC
Société de Presse Investissement (SPI)	France	100	98	FC	100	99	FC
Sofiholding 2	France			NC	100	94	FC
Sofiholding 3	France			NC	100	94	FC
Sofiholding 4	France			NC	100	94	FC
Sofinaction	France			NC	100	94	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 IT Consulting GmbH Singapore (a branch of Targo IT Consulting GmbH)	Singapore	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			NC	100	94	FC
Ugépar Service	France			NC	100	94	FC
Valimar 2	France			NC	100	94	FC
Valimar 4	France			NC	100	94	FC
VTP 1	France			NC	100	94	FC
VTP 5	France			NC	100	94	FC
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	73	72	FC
Agrupació Bankpyme Pensiones	Spain	73	72	FC	73	72	FC
Agrupació Serveis Administratius	Spain	73	72	FC	73	72	FC
AMDIF	Spain	73	72	FC	73	72	FC
AMSYR	Spain	73	72	FC	73	72	FC
Assistencia Avançada Barcelona	Spain	73	72	FC	73	72	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
Royal Automobile Club de Catalogne	Spain	49	42	EM	49	42	EM
Serenis Assurances	France	100	86	FC	100	86	FC
Serenis Vie	France	100	86	FC	100	86	FC
Voy Mediación	Spain	90	76	FC	90	76	FC

	Country	Dec. 31, 2014			Dec. 31, 2013		
		Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
H. Other companies							
Affiches D'Alsace Lorraine	France	100	97	FC	100	98	FC
Agence Générale d'informations régionales	France			NC	100	97	FC
Alsace Média Participation	France	100	97	FC	100	98	FC
Alsacienne de Portage des DNA	France	100	97	FC	100	98	FC
CM-CIC Immobilier	France	100	99	FC	100	99	FC
Distripub	France	100	97	FC	100	98	FC
Documents AP	France	100	99	FC	100	99	FC
Est Bourgogne Médias	France	100	99	FC	100	99	FC
Foncière Massena	France	100	86	FC	100	86	FC
France Régie	France	100	97	FC	100	98	FC
GEIE Synergie	France	100	54	FC	100	54	FC
Groupe Dauphiné Media (formerly Publiprint Dauphiné)	France	100	99	FC	100	99	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
Jean Bozzi Communication	France	100	99	FC	100	99	FC
Journal de la Haute Marne	France	50	45	EM	50	46	EM
La Liberté de l'Est	France	97	88	FC	97	89	FC
La Tribune	France	100	99	FC	100	99	FC
L'Alsace	France			MER	100	98	FC
Le Dauphiné Libéré	France	100	99	FC	100	99	FC
Le Républicain Lorrain	France	100	99	FC	100	99	FC
Les Dernières Nouvelles d'Alsace	France	100	97	FC	100	98	FC
Les Dernières Nouvelles de Colmar	France	100	97	FC	100	98	FC
Les Editions de l'Echiquier	France			MER	100	98	FC
Lumedia	Luxembourg	50	49	EM	50	50	PC
Massena Property	France	100	86	FC	100	86	FC
Massimob	France	100	83	FC	100	83	FC
Mediaportage	France	100	97	FC	100	98	FC
Presse Diffusion	France	100	99	FC	100	99	FC
Publiprint Province n°1	France	100	99	FC	100	99	FC
Républicain Lorrain Communication	France	100	99	FC	100	99	FC
Républicain Lorrain - TV news	France	100	99	FC	100	99	FC
Roto Offset Imprimerie	France			MER	100	98	FC
SCI ACM	France	100	86	FC	100	86	FC
SCI Eurosic Cotentin	France	50	43	EM	50	43	EM
SCI Alsace	France			MER	90	88	FC
SCI Le Progrès Confluence	France	100	99	FC	100	99	FC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	99	FC	100	99	FC

* Method:
FC = full consolidation
PC = proportional consolidation
EM = equity method
NC = not consolidated
MER = merged

3b - Information on geographic locations included in the consolidation scope

Article 7 of law No. 2013-672 of July 26, 2013 of the French Monetary and Financial Code, amending Article L. 511-45, requires that credit institutions publish information on their entities and activities in every state or territory. The country in which each entity is located is mentioned in the consolidation scope. 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 January 17, 2014.

Country	Net banking income	Profit/loss before tax	Current tax	Deferred tax	Other taxes	Number of employees	Government subsidies
Germany	937	30	-4	6	-57	6,960	0
Bahamas						9	
Belgium	130	41	-7	3	-8	543	0
Brazil	1	0	0	0	0	2	0
Spain	235	105	-25	2	-8	1,284	0
United States	128	169	-9	-29	-4	84	0
France	9,919	4,829	-1,035	-51	-1,594	50,253	0
Hungary	17	2	0	0	-1	153	0
Cayman Islands	1	1	0	0	0	0	0
Italy	26	-11	0	0	0	138	0
Liechtenstein						13	
Luxembourg	263	119	-18	-2	-16	775	0
Morocco	0	-33	0	0	0	0	0
Monaco	2	1	0	0	0	9	0
Portugal	109	53	-15	0	-3	399	0
Czech Republic	8	-1	0	0	-1	152	0
UK	42	38	-9	1	-2	49	0
Saint Martin	2	0	0	0	0	7	0
Singapore	66	20	-2	0	-2	214	0
Slovakia	0	-1	0	0	0	2	0
Switzerland	87	3	-1	0	-12	350	0
Tunisia	0	15	0	0	0	0	0
Total	**11,973**	**5,380**	**-1,125**	**-70**	**-1,708**	**61,396**	**0**

3c - Fully-consolidated entities with significant minority interests

Dec. 31, 2014	Share of minority interests in the consolidated financial statements				Financial information related to fully-consolidated entities*			
	Percentage owned	Net income	Amount in shareholders' equity	Dividends paid to minority shareholders	Total assets	OCI reserves	Net banking income	Net income
Euro Information	21%	14	145	-1	1,079	70	937	68
Groupe ACM	14%	101	1,030	-38	100,807	1,284	1,600	677
Cofidis Belgium	46%	9	304	0	777	-2	97	19
Cofidis France	46%	9	329	0	5,757	-4	522	29

* Amounts before elimination of accounts and intercompany transactions

Dec. 31, 2013	Share of minority interests in the consolidated financial statements				Financial information related to fully-consolidated entities*			
	Percentage owned	Net income	Amount in shareholders' equity	Dividends paid to minority shareholders	Total assets	OCI reserves	Net banking income	Net income
Euro Information	21%	16	129	-1	1,000	66	905	77
Groupe ACM	14%	86	896	-38	90,280	587	1,449	628
Cofidis Belgium	46%	11	290	0	742	-1	97	23
Cofidis France	46%	11	340	0	5,893	-1	521	32

* Amounts before elimination of accounts and intercompany transactions

3d -Investments in non-consolidated structured entities

The group works with non-consolidated structured entities as part of its activities and to meet the needs of its clients.
The main categories of non-consolidated structured sponsored entities are as follows:
- ABCP securitization conduit:

The group owns a conduit, General Funding Ltd., tasked with using treasury bills to refinance clients' securitization transactions. The group serves as a sponsor for the conduit and provides it with guarantees for its treasury bill investments. One transaction was in progress on December 31, 2014.

- Asset financing:

The group grants loans to structured entities solely for the purpose of the latter holding assets for lease, and using the related lease payments to repay its borrowings. These entities are dissolved when the financing operation is completed. The group is generally the sole shareholder.
For these two categories, the maximum loss exposure on the structured entities corresponds to the book value of the asset financed by the structured entity.

- Undertakings for collective investment or funds:

The group operates as an asset manager and custodian. It proposes funds to clients in which it does not invest itself. It markets and manages these funds, which may be dedicated or public, for which it receives a fee.
For certain funds that offer guarantees to unitholders or shareholders, the group may act as counterparty for implemented swap transactions. In exceptional cases where the group acts as both manager and investor and is required to operate firstly on a proprietary basis, the entity concerned is included in the consolidation scope.
An interest in a non-consolidated structured entity, whether or not on a contractual basis, exposes the group to fluctuations in income associated with the entity's performance.
The group's risk is primarily an operational risk of negligence in the performance of its management or custodial mandate and, where relevant, includes risk exposure in the amount of the sums invested.
No financial resources were granted to the group's structured entities during the financial year.

Dec. 31, 2014	Securitization vehicles (SPV)	Asset management (UCITS/SCPI)*	Other structured entities **
Total assets	0	591	1,831
Carrying amount of financial assets	0	520	702

* The amounts indicated relate to UCITS in which the group owns at least a stake of 30% and for which it performs asset management, excluding units of account held by insured parties.

** Other structured entities correspond to asset financing entities.

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2014	Dec. 31, 2013
Cash and amounts due from central banks		
Due from central banks	32,601	19,197
including reserve requirements	2,195	2,041
Cash	1,190	1,063
TOTAL	**33,791**	**20,260**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts(1)	23,052	22,943
Other current accounts	1,559	3,715
Loans	5,463	5,176
Other receivables	2,922	3,215
Securities not listed in an active market	1,494	1,812
Resale agreements	8,833	2,615
Individually impaired receivables	3	8
Accrued interest	282	386
Impairment provisions	-3	-4
TOTAL	**43,606**	**39,866**

(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, 2014	Dec. 31, 2013
Due to central banks	59	460
Due to credit institutions		
Other current accounts	1,621	1,465
Borrowings	15,900	15,162
Other debt	1,474	1,236
Resale agreements	18,161	992
Accrued interest	57	65
TOTAL	**37,271**	**19,380**

NOTE 5 - Financial assets and liabilities

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

	Dec. 31, 2014			Dec. 31, 2013		
	Held for trading	Fair value option	Total	Held for trading	Fair value option	Total
Securities	10,161	14,904	25,065	10,986	14,901	25,886
- Government securities	2,668	1	2,669	1,764	1	1,765
- Bonds and other fixed-income securities	6,759	2,653	9,411	8,685	2,981	11,666
. Quoted	*6,759*	*2,362*	*9,121*	*8,685*	*2,662*	*11,347*
. Not quoted	*0*	*290*	*290*	*0*	*319*	*319*
- Equities and other variable-income securities	734	12,251	12,984	537	11,919	12,456
. Quoted	*734*	*10,371*	*11,105*	*537*	*10,134*	*10,671*
. Not quoted	*0*	*1,879*	*1,879*	*0*	*1,785*	*1,785*
. Trading derivative instruments	5,277	0	5,277	5,900	0	5,900
. Other financial assets		21	21		10,571	10,571
including resale agreements (1)		*21*	*21*		*10,571*	*10,571*
TOTAL	**15,438**	**14,926**	**30,363**	**16,885**	**25,472**	**42,357**

(1) Resale agreements are recognized under loans as of 2014 (cf. note 8 - Loans and receivables due from customers)

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

	Dec. 31, 2014	Dec. 31, 2013
Financial liabilities held for trading	9,246	10,778
Financial liabilities at fair value by option through profit or loss	7,631	20,049
TOTAL	**16,878**	**30,826**

Financial liabilities held for trading

	Dec. 31, 2014	Dec. 31, 2013
Short selling of securities	3,401	1,810
- Government securities	2	0
- Bonds and other fixed-income securities	2,440	1,192
- Equities and other variable-income securities	959	617
. Debt representing securities given through repurchase agreements		
. Trading derivative instruments	5,656	8,132
. Other financial liabilities held for trading	189	836
TOTAL	**9,246**	**10,778**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2014			Dec. 31, 2013		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	0	0	0	184	184	0
. Subordinated debt	0	0	0	0	0	0
. Interbank liabilities	7,531	7,531	0	17,578	17,578	0
. Due to customers	101	101	0	2,287	2,287	0
TOTAL	**7,631**	**7,632**	**-1**	**20,049**	**20,049**	**-0**

Own credit risk is deemed immaterial.

5c - Fair value hierarchy of financial instruments at fair value

Dec. 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	96,687	1,571	2,304	100,562
- Government and similar securities - AFS	21,904	66	131	22,101
- Bonds and other fixed-income securities - AFS	65,356	1,349	797	67,502
- Equities and other variable-income securities - AFS	7,850	82	211	8,143
- Investments in non-consolidated companies and other LT investments - AFS	1,413	54	719	2,186
- Investments in associates - AFS	164	20	446	630
Held for trading / Fair value option (FVO)	20,660	7,042	2,663	30,365
- Government and similar securities - Held for trading	2,343	326	0	2,668
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	5,109	1,437	213	6,759
- Bonds and other fixed-income securities - FVO	2,188	167	298	2,653
- Equities and other variable-income securities - Held for trading	728	0	6	734
- Equities and other variable-income securities - FVO	10,205	519	1,527	12,251
- Loans and receivables due from credit institutions - FVO	0	0	0	0
- Loans and receivables due from customers - FVO	0	21	0	21
- Derivative instruments and other financial assets - Held for trading	85	4,572	620	5,277
Hedging derivative instruments	0	4,529	119	4,648
Total	**117,346**	**13,142**	**5,087**	**135,574**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	3,463	12,848	567	16,878
- Due to credit institutions - FVO	0	7,531	0	7,531
- Due to customers - FVO	0	101	0	101
- Debt securities - FVO	0	0	0	0
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	3,463	5,216	567	9,246
Hedging derivative instruments	0	6,568	100	6,668
Total	**3,463**	**19,416**	**667**	**23,546**

Dec. 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	85,505	936	1,503	87,944
- Government and similar securities - AFS	20,937	0	0	20,937
- Bonds and other fixed-income securities - AFS	55,829	859	409	57,097
- Equities and other variable-income securities - AFS	7,569	6	138	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	18,208	2,429	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**	**21,907**	**3,936**	**133,069**

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,689	27,994	144	30,827
- Due to credit institutions - FVO	0	17,578	0	17,578
- 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	7,945	144	10,778
Hedging derivative instruments	0	3,802	9	3,811
Total	**2,689**	**31,796**	**153**	**34,638**

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.
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 the fair value of over-the-counter derivatives. The methods used may change over time. The latter includes proprietary counterparty risk associated with the fair value of 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, 2014	Purchases	Sales	Gains and losses recognized in profit	Other movements	Dec. 31, 2014
- Equities and other variable-income securities - FVO	1,477	256	-264	99	-41	1,527

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2014					Associated amounts not offset		
	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Financial instruments received in guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	9,904	0	9,904	-2,898	0	-3,312	3,694
Resale agreements	15,928	0	15,928	0	-14,858	-365	705
Total	**25,832**	**0**	**25,832**	**-2,898**	**-14,858**	**-3,677**	**4,399**

Dec. 31, 2014					Associated amounts not offset		
	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Financial instruments given in guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	12,299	0	12,299	-2,857	0	-6,545	2,898
Resale agreements	29,315	0	29,315	0	-29,018	-315	-19
Total	**41,614**	**0**	**41,614**	**-2,857**	**-29,018**	**-6,860**	**2,879**

Dec. 31, 2013					Associated amounts not offset		
	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Financial instruments received in guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	8,667	0	8,667	-4,979	0	-1,440	2,247
Resale agreements	13,644	0	13,644	0	-13,519	-34	91
Total	**22,311**	**0**	**22,311**	**-4,979**	**-13,519**	**-1,475**	**2,338**

Dec. 31, 2013					Associated amounts not offset		
	Gross amount of financial assets	Gross amount of financial liabilities offset	Net amount shown	Effect of offset framework agreements	Financial instruments given in guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	11,940	0	11,940	-4,922	0	-5,570	1,448
Resale agreements	20,830	0	20,830	0	-20,033	-787	11
Total	**32,771**	**0**	**32,771**	**-4,922**	**-20,033**	**-6,357**	**1,459**

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, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	3	1	4	11
. Fair value hedges (change in value recognized through profit or loss)	4,645	6,667	2,763	3,800
TOTAL	**4,648**	**6,668**	**2,767**	**3,811**

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, 2014	Fair value Dec. 31, 2013	Change in fair value
Fair value of interest-risk by investment category			
. financial assets	599	563	37
. financial liabilities	-2,524	-2,341	-183

6c - Analysis of derivative instruments

	Dec. 31, 2014			Dec. 31, 2013		
	Notional	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	165,911	3,727	3,987	225,146	4,472	6,498
Other forward contracts	23,459	8	6	13,022	5	1
Options and conditional transactions	18,931	157	282	24,631	112	238
Foreign exchange derivative instruments						
Swaps	97,397	58	49	75,932	21	42
Other forward contracts	190	387	338	71	341	325
Options and conditional transactions	20,679	97	98	22,393	54	54
Derivative instruments other than interest-rate and foreign exchange						
Swaps	14,029	106	157	13,276	110	180
Other forward contracts	2,190	0	0	1,572	0	0
Options and conditional transactions	17,102	737	739	27,183	785	795
Sub-total	**359,889**	**5,277**	**5,656**	**403,226**	**5,900**	**8,132**
Hedging derivative instruments						
Fair value hedges						
Swaps	104,314	4,645	6,667	68,287	2,763	3,800
Other forward contracts	261	0	0	0	0	0
Options and conditional transactions	3	0	0	4	0	0
Cash flow hedges						
Swaps	0	3	1	217	4	8
Other forward contracts	0	0	0	0	0	3
Sub-total	**104,579**	**4,648**	**6,668**	**68,508**	**2,767**	**3,811**
TOTAL	**464,468**	**9,925**	**12,324**	**471,734**	**8,667**	**11,943**

The CVA (credit value adjustment) and DVA (debt value adjustment) involve a reduction of proprietary credit risk and at December 31, 2014 amounted to -€36 million (€24 million at December 31, 2013) and €3 million (zero at December 31, 2013) respectively. The FVA (funding value adjustment) which corresponds to costs or earnings linked to the financing of certain unhedged derivative instruments amounted to -€19 million at December 31, 2014 (-€10 million at December 31, 2013).

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2014	Dec. 31, 2013
. Government securities	21,976	20,802
. Bonds and other fixed-income securities	67,386	56,989
- Listed	67,062	56,774
- Unlisted	324	215
. Equities and other variable-income securities	8,143	7,713
- Listed	7,916	7,511
- Unlisted	228	202
. Long-term investments	2,577	2,192
- Investments in non-consolidated companies	1,840	1,495
- Other long-term investments	210	163
- Investments in associates	527	533
- Securities lent	1	1
- Current account advances related to non-performing SCI	0	0
. Accrued interest	480	248
TOTAL	**100,562**	**87,943**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*926*	*141*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*1,142*	*862*
Including impairment of bonds and other fixed-income securities	*-86*	*-85*
Including impairment of equities and other variable-income securities and long-term investments	*-2,099*	*-2,098*

7b - List of main investments in non-consolidated companies

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,514	10,260	212	74
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	312	53,134	4	1
Foncière des Régions	Quoted	< 10%	7,215	17,181	765	512
Veolia Environnement	Quoted	< 5%	9,683	36,242	22,315	-22

The figures above (excluding the percentage of interest) relate to 2013.

7c - Exposure to sovereign risk

Countries benefiting from aid packages

*Net exposure**	Dec. 31, 2014		Dec. 31, 2013	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss	39		7	
Available-for-sale financial assets	67	102	63	103
Held-to-maturity financial assets				
TOTAL	106	102	70	103

** Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.*

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year	6		13	
1 to 3 years	2			
3 to 5 years	50	90	50	
5 to 10 years	39	5	2	95
> 10 years	8	7	5	8
Total	106	102	70	103

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2014		Dec. 31, 2013	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	139	73	248	14
Available-for-sale financial assets	195	1,028	46	3,370
Held-to-maturity financial assets				
TOTAL	334	1,101	294	3,384

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	76	351	181	2,225
1 to 3 years	167	192	101	379
3 to 5 years	17	389	4	349
5 to 10 years	34	50	0	198
> 10 years	40	119	8	233
Total	334	1,101	294	3,384

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2014	Dec. 31, 2013
Performing loans	273,142	261,158
. Commercial loans	4,992	4,864
. Other customer loans	266,800	255,165
- Home loans	147,167	145,127
- Other loans and receivables, including repurchase agreements	119,632	110,038
. Accrued interest	773	553
. Securities not listed in an active market	578	576
Insurance and reinsurance receivables	205	196
Individually impaired receivables	12,754	12,556
Gross receivables	**286,101**	**273,911**
Individual impairment	-7,660	-7,827
Collective impairment	-684	-673
SUB-TOTAL I	**277,757**	**265,410**
Finance leases (net investment)	9,594	9,177
. Furniture and movable equipment	5,569	5,385
. Real estate	3,698	3,444
. Individually impaired receivables	327	348
Impairment provisions	-127	-137
SUB-TOTAL II	**9,467**	**9,040**
TOTAL	**287,224**	**274,451**
of which non-voting loan stock	*13*	*13*
of which subordinated notes	*30*	*21*

Finance leases with customers

	Dec. 31, 2013	Acquisition	Sale	Other	Dec. 31, 2014
Gross carrying amount	9,177	1,148	-752	21	9,594
Impairment of irrecoverable rent	-137	-20	29	1	-127
Net carrying amount	9,040	1,128	-723	22	9,467

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	2,761	4,983	2,105	9,849
Present value of future lease payments	2,619	4,818	2,096	9,533
Unearned finance income	**142**	**165**	**9**	**316**

8b - Amounts due to customers

	Dec. 31, 2014	Dec. 31, 2013
. Regulated savings accounts	97,368	93,592
- demand	67,616	66,052
- term	29,752	27,540
. Accrued interest	43	39
Sub-total	**97,411**	**93,631**
. Current accounts	78,671	72,069
. Term deposits and borrowings	55,042	61,722
. Resale agreements	3,825	166
. Accrued interest	784	805
. Insurance and reinsurance payables	98	93
Sub-total	**138,420**	**134,855**
TOTAL	**235,831**	**228,486**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2014	Dec. 31, 2013
Securities	13,084	12,015
- Government securities	0	0
- Bonds and other fixed-income securities	13,084	12,015
. Quoted	13,051	11,990
. Not quoted	33	25
. Accrued interest	1	1
GROSS TOTAL	**13,085**	**12,017**
of which impaired assets	*23*	*25*
Impairment provisions	-15	-16
NET TOTAL	**13,071**	**12,000**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2013	Additions	Reversals	Other	Dec. 31, 2014
Loans and receivables due from credit institutions	-4	0	1		-3
Loans and receivables due from customers	-8,637	-1,430	1,601	-5	-8,471
Available-for-sale securities	-2,182	-75	89	-16	-2,184
Held-to-maturity securities	-16	0	2	0	-15
TOTAL	**-10,840**	**-1,505**	**1,693**	**-21**	**-10,673**

At December 31, 2014, provisions on loans and receivables due from customers totalled €8,471 million (€8,637 million at end-2013), of which €684 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €793 million (€852million at end-2013) and to provisions on commercial receivables and other receivables (including home loans) for €6,868 million (€6,975 million at end- 2013).

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 €6.1 billion from the available-for-sale portfolio into the loans and receivables portfolio. No further transfers have been made since that date.

	Dec. 31, 2014		Dec. 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	1,669	1,755	2,109	2,193
AFS portfolio	2,681	2,656	4,685	4,684

	Dec. 31, 2014	Dec. 31, 2013
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	122	-97
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	-432	154
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	343	19

NOTE 12 - Exposures affected by the financial crisis

In accordance with the request by the banking supervisor and market regulator, significant exposures are presented below based on the recommendations of the FSB.
The trading and AFS 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, 2014	Carrying amount Dec. 31, 2013
RMBS	2,012	1,919
CMBS	605	558
CLO	1,246	1,462
Other ABS	1,242	734
Sub-total	***5,105***	*4,672*
RMBS hedged by CDS	62	0
CLO hedged by CDS	142	476
Other ABS hedged by CDS	0	22
Liquidity facilities for ABCP programs	199	303
TOTAL	**5,508**	5,474

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2014	RMBS	CMBS	CLO	Other ABS	Total
Trading	413	386	151	151	1,101
AFS	888	219	726	942	2,775
Loans	712		368	149	1,229
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
France	16			367	383
Spain	72		13	38	122
United Kingdom	211			144	355
Europe excluding France, Spain and United Kingdom	837	59	692	678	2,266
USA	849	546	331	16	1,742
Rest of the world	27		210		237
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
US Agencies	346				346
AAA	779	532	1,126	874	3,311
AA	72		29	188	289
A	217	14	72	109	411
BBB	60	59	9	55	182
BB	30		4		33
B or below	509			16	525
Not rated			8		8
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
Originating 2005 or before	239	354	8	5	605
Originating 2006-2008	950	251	394	61	1,656
Originating 2009-2011	315			54	369
Originating 2012-2014	509		844	1,122	2,475
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**

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	1008	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		7.75		8
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
Originating 2005 or before	315	362	18	12	707
Originating 2006-2008	905	186	949	63	2,103
Originating 2009-2011	382			54	436
Originating 2012-2014	318	10	494	605	1,426
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2014	Dec. 31, 2013
Asset (through income statement)	1,253	1,321
Liability (through income statement)	558	574

13b - Deferred income tax

	Dec. 31, 2014	Dec. 31, 2013
Asset (through income statement)	917	925
Asset (through shareholders' equity)	161	122
Liability (through income statement)	564	530
Liability (through shareholders' equity)	689	410

Breakdown of deferred income tax by major categories

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	161	689	122	410
- Impairment provisions	567		529	
- Unrealized finance lease reserve		245		207
- Earnings of fiscally transparent (pass-through) companies		0		0
- Remeasurement of financial instruments	847	778	681	609
- Accrued expenses and accrued income	166	84	176	59
- Tax losses(1)(2)	68		51	
- Insurance activities	50	226	30	174
- Other timing differences	52	65	40	62
. Netting	-833	-833	-582	-582
Total deferred tax assets and liabilities	1,078	1,254	1,046	939

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 2015 and 34.43% for subsequent years.
(1) Of which, in respect of the United States: €25 million at December 31, 2014 and at December 31, 2013.
(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, 2014	Dec. 31, 2013
Accruals - assets		
Collection accounts	625	374
Currency adjustment accounts	333	4
Accrued income	423	480
Other accruals	2,906	3,365
Sub-total	**4,286**	**4,222**
Other assets		
Securities settlement accounts	92	107
Guarantee deposits paid	6,998	6,002
Miscellaneous receivables	3,640	3,635
Inventories	29	33
Other	19	72
Sub-total	**10,779**	**9,850**
Other insurance assets		
Technical reserves - reinsurers' share	264	265
Other expenses	90	88
Sub-total	**353**	**353**
TOTAL	**15,418**	**14,425**

14b - Accruals and other liabilities

	Dec. 31, 2014	Dec. 31, 2013
Accruals - liabilities		
Accounts unavailable due to collection procedures	100	130
Currency adjustment accounts	4	188
Accrued expenses	1,106	1,097
Deferred income	1,515	1,536
Other accruals	5,069	6,330
Sub-total	**7,793**	**9,282**
Other liabilities		
Securities settlement accounts	475	114
Outstanding amounts payable on securities	78	100
Other payables	5,107	3,149
Sub-total	**5,659**	**3,363**
Other insurance liabilities		
Deposits and guarantees received	180	182
Sub-total	**180**	**182**
TOTAL	**13,632**	**12,826**

NOTE 15 - Investments in associates

Equity value and share of net income (loss)

				Dec. 31, 2014			
		Country	Percent interest	Investment value	Share of net income (loss)	Dividends received	Investments in joint ventures
Entities over which significant influence is exercised							
ACM Nord	Unlisted	France	49.00%	36	10	6	NC*
ASTREE Assurance	Listed	Tunisia	30.00%	18	2	1	28
Banca Popolare di Milano	Listed	Italy	NC	0	60	0	NC*
Banco Popular Español	Listed	Spain	4.03%	496	3	5	352
Banque de Tunisie	Listed	Tunisia	34.00%	170	13	6	238
Banque Marocaine du Commerce Extérieur	Listed	Morocco	26.21%	963	38	15	943
CCCM	Unlisted	France	52.71%	232	6	2	NC*
RMA Watanya	Unlisted	Morocco	22.02%	79	-71	13	NC*
Royal Automobile Club de Catalogne	Unlisted	Spain	48.99%	46	3	2	NC*
Other	Unlisted			11	2	0	NC*
TOTAL (1)				**2,051**	**66**	**48**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	0	0	NC*
Banque Casino	Unlisted	France	50.00%	74	-3	0	NC*
Targobank Spain	Unlisted	Spain	50.00%	343	8	0	NC*
TOTAL (2)				**417**	**5**	**0**	
TOTAL (1) + (2)				**2,468**	**71**	**48**	

** NC: not communicated*

		Country	Percent interest	Dec. 31, 2013 Investment value	Share of net income (loss)	Dividends received	Investments in joint ventures
Entities over which significant influence is exercised							
ACM Nord	Unlisted	France	49.00%	28	6	4	NC*
ASTREE Assurance	Listed	Tunisia	30.00%	16	2	1	27
Banca Popolare di Milano	Listed	Italy	6.99%	107	-47	0	102
Banco Popular Español	Listed	Spain	4.41%	484	16	0	365
Banque de Tunisie	Listed	Tunisia	33.52%	159	12	4	206
Banque Marocaine du Commerce Extérieur	Listed	Morocco	26.21%	940	35	12	855
CCCM	Unlisted	France	52.54%	223	7	2	NC*
RMA Watanya	Unlisted	Morocco	22.02%	151	-39	13	NC*
Royal Automobile Club de Catalogne	Unlisted	Spain	48.99%	45	4	2	NC*
Other	Unlisted			10	1	0	NC*
TOTAL (1)				**2,163**	**-5**	**37**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	-1	0	NC*
Banque Casino	Unlisted	France	50.00%	76	0	0	NC*
Targobank Spain	Unlisted	Spain	50.00%	336	10	0	NC*
TOTAL (2)				**413**	**9**	**0**	
TOTAL (1) + (2)				**2,577**	**4**	**37**	

** NC: not communicated*

Banca Popolare di Milano S.C.a.r.l. (BPM):

Banca Popolare di Milano was sold during the first half of 2014. Net income of €60 million includes:

- The share in BPM's first-quarter results of -€7 million, and
- The proceeds from the sale, net of reversals of provisions for impairment, of €67 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 investment in BPE underwent an impairment test on December 31, 2014. 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 5.2% 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 0.9%. These two sensitivity analyses do not, however, call into question the equity-accounted value recognized in the Group's consolidated financial statements.

Financial data published by the major associates

	Total assets	NBI or revenue	Dec. 31, 2014 Operating income before	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	182	149	25	16	4	67
ASTREE Insurance(1)(2)	414	118	17	12	53	153
Banco Popular Español	161,456	3,876	2,005	330	-133	12,670
Banque de Tunisie(1)(2)	3,826	180	90	74	NC*	579
Banque Marocaine du Commerce Extérieur(1)(3)	236,697	9,891	3,936	1,881	90	19,143
CCCM	4,999	26	21	15	74	547
RMA Watanya(1)(3)	267,357	4,434	NC*	-676	3,008	5,317
Royal Automobile Club de Catalogne	181	127	10	7	0	84
Joint ventures						
Banque Casino	745	87	32	-1	0	72
Targobank Spain	2,359	97	39	16	3	319

*(1) 2013 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

	Total assets	NBI or revenue	Dec. 31, 2013 Operating income before	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	165	142	18	12	2	56
ASTREE Insurance(1)(2)	388	109	14	11	45	138
Banca Popolare di Milano(1)	52,475	1,550	-1,183	-435	42	4,486
Banco Popular Español	146,709	3,551	1,828	252	-350	11,476
Banque de Tunisie(1)(2)	3,745	161	83	63	NC*	535
Banque Marocaine du Commerce Extérieur(1)(3)	230,889	9,017	3,581	1,579	63	18,415
CCCM	5,421	25	20	16	65	524
RMA Watanya(1)(3)	261,296	4,670	NC*	-1,205	2,265	6,171
Royal Automobile Club de Catalogne	192	123	11	8	0	80
Joint ventures						
Banque Casino	650	78	23	1	0	73
Targobank Spain	2,414	94	44	19	1	305

*(1) 2012 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

NOTE 16 - Investment property

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost	1,916	216	-7	107	2,233
Accumulated depreciation and impairment provisions	-267	-37	3	-6	-306
Net amount	**1,649**	**180**	**-3**	**102**	**1,927**

(1) Other movements of €107 million include a reclassification from intangible assets to investment property in the amount of €95 million.

The fair value of investment property recognized at amortized costs was €2,272 million at December 31, 2014.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost					
Land used in operations	470	2	-10	0	462
Buildings used in operations	4,427	157	-63	11	4,532
Other property and equipment	2,403	295	-211	-19	2,467
TOTAL	**7,300**	**454**	**-284**	**-8**	**7,461**
Accumulated depreciation and impairment provisions					
Land used in operations	-1	0	0	0	-1
Buildings used in operations	-2,501	-201	39	-15	-2,677
Other property and equipment	-1,910	-182	139	10	-1,943
TOTAL	**-4,413**	**-383**	**179**	**-5**	**-4,622**
TOTAL - Net amount	**2,887**	**70**	**-105**	**-13**	**2,840**
Including buildings under finance leases					
Land used in operations	6				6
Buildings used in operations	81				81
Total	**87**	**0**	**0**	**0**	**87**

17 b - Intangible assets

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost					
. Internally developed intangible assets	16	0	0	0	16
. Purchased intangible assets	1,949	83	-95	-73	1,864
- software	476	20	-9	0	487
- other (1)	1,473	63	-86	-73	1,376
TOTAL	**1,964**	**83**	**-95**	**-73**	**1,880**
Accumulated depreciation and impairment provisions					
. Internally developed intangible assets					
. Purchased intangible assets	-911	-133	66	25	-954
- software	-352	-58	9	0	-401
- other (2)	-559	-75	57	25	-552
TOTAL	**-911**	**-133**	**66**	**25**	**-954**
Net amount	**1,053**	**-50**	**-30**	**-48**	**926**

(1) Other movements of -€73 million correspond to a reclassification to investment property in the amount of -€95 million and a transfer of goodwill to intangible assets in the amount of €19 million.

(2) Other movements of €25 million include transfers of impairment on intangible assets to goodwill impairment in the amount of €38 million.

NOTE 18 - Goodwill

	Dec. 31, 2013	Additions	Disposals	Impairment losses/reversals	Other movements(1)	Dec. 31, 2014
Goodwill, gross	4,224	6	-16		-18	4,196
Impairment provisions	-182			-21	-34	-236
Goodwill, net	**4,042**	**6**	**-16**	**-21**	**-52**	**3,960**

(1) Other movements of -€52 million include transfers of impairment on intangible assets to goodwill impairment in the amount of -€38 million and transfers of goodwill to intangible assets in the amount of -€15 million.

Subsidiaries	Goodwill as of Dec. 31, 2013	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2014
Targobank Germany	2783					2,783
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	378				9	387
EI Telecom	78					78
CIC Private Banking - Banque Pasche (1)	53		-16		-37	0
CM-CIC Investissement	21					21
Monabanq	17				-9	8
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other expenses	175	6		-21	-15	146
TOTAL	**4,042**	**6**	**-16**	**-21**	**-52**	**3,960**

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.

Future cash flows are discounted at a rate corresponding to the cost of capital, which is determined based on a long-term risk-free rate to which a risk premium is added. The risk premium is determined by observing the price sensitivity relative to the market for listed assets or by analyst estimates 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**
	Network bank	Network bank	Consumer credit
Capital cost	9.00%	9.75%	9.00%
Effect of 50 basis point increase in capital cost	-375	-37	-163
Effect of 1% decrease in future cash flows	-51	-6	-24

The impact of goodwill valuation on income is limited to 32 million based on worst-case assumptions.

NOTE 19 - Debt securities

	Dec. 31, 2014	Dec. 31, 2013
Retail certificates of deposit	884	831
Interbank instruments and money market securities	50,507	47,762
Bonds	52,935	48,277
Accrued interest	1,345	1,287
TOTAL	**105,672**	**98,156**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2014	Dec. 31, 2013
Life	75,529	68,442
Non-life	2,480	2,285
Unit of account	6,334	6,101
Other expenses	217	211
TOTAL	**84,560**	**77,039**
Of which deferred profit-sharing - liability	*10,313*	*6,701*
Deferred profit sharing - assets	**0**	**0**
Reinsurers' share of technical reserves	**264**	**265**
TOTAL - Net technical reserves	**84,296**	**76,774**

NOTE 21 - Provisions

	Dec. 31, 2013	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2014
Provisions for risks	**314**	**88**	**-45**	**-81**	**104**	**380**
Signature commitments	151	52	-3	-45	1	156
Financing and guarantee commitments	1	0	0	0	0	1
On country risks	16	0	-16	0	0	0
Provision for taxes	39	12	-15	-13	14	37
Provisions for claims and litigation	79	19	-7	-18	-6	67
Provision for risks on miscellaneous receivables (1)	28	5	-4	-5	95	119
Other provisions	**774**	**346**	**-63**	**-32**	**4**	**1,029**
Provisions for home savings accounts and plans	77	14	0	0	0	91
Provisions for miscellaneous contingencies	366	181	-80	-7	18	478
Other provisions(2)	331	151	17	-25	-14	460
Provision for retirement benefits	**920**	**52**	**-7**	**-3**	**223**	**1,186**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	683	39	-2	-1	202	921
Supplementary retirement benefits	112	5	-4	0	-3	109
Long service awards (other long-term benefits)	108	6	0	-1	12	125
Sub-total recognized	902	50	-7	-3	212	1,154
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls(3)	18	3	0	0	11	32
Sub-total recognized	18	3	0	0	11	32
TOTAL	**2,008**	**486**	**-115**	**-115**	**332**	**2,595**

Assumptions used	**2014**	**2013**
Discount rate(4)	1.7%	3.0%
Annual increase in salaries(5)	Minimum 1.2%	Minimum 1.4%

(1) Provisions for risks on miscellaneous receivables concern the subsidiaries that sold shares in BPM and were deconsolidated from CIC.

(2) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €297 million.

(3) The provisions for pension fund shortfalls relate to entities located abroad.

(4) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the Iboxx index.

(5) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movements in provision for retirement bonuses

	Dec. 31, 2013	Dismounted 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, 2014
						demographic	financial					
Commitments	1,029	32	0	43	0	6	236	-45	0	0	1	1,303
Non-Group insurance contract and externally managed assets	346	0	12	0	0	0	21	0	3	0	1	382
Provisions	683	32	-12	43	0	6	215	-45	-3	0	0	921

	Dec. 31, 2012	Dismounted 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

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €87 million / an increase of €99 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, 2013	Dismounted 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, 2014
Fair value of plan assets	754,436	6,941	86,950	19,391	2,746	69,534	-25,608	0	55	914,447

in € thousands	Fair value of assets Dec. 31, 2012	Dismounted 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

Details of the fair value of plan assets

	Dec. 31, 2014				Dec. 31, 2013			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	77%	18%	0%	4%	75%	19%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	1%	0%
Total	77%	18%	1%	4%	75%	19%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2014	Dec. 31, 2013
Home savings plans		
Contracted less than 10 years ago	15,927	12,981
Contracted more than 10 years ago	6,297	7,207
Total	**22,224**	**20,188**
Amounts outstanding under home savings accounts	**2,857**	**2,962**
Total	**25,081**	**23,150**

Home savings loans	Dec. 31, 2014	Dec. 31, 2013
Balance of home savings loans giving rise to provisions for risks reported in assets	521	646

Provisions for home savings accounts and plans	**Dec. 31, 2013**	**Net additions/ reversals**	**Other movements**	**Dec. 31, 2014**
On home savings accounts	34	1	0	35
On home savings plans	26	18	0	44
On home savings loans	17	(4)		13
Total	**77**	**14**	**0**	**91**
Maturity analysis				
Contracted less than 10 years ago	0	15	0	15
Contracted more than 10 years ago	26	3	0	29
Total	**26**	**18**	**0**	**44**

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 individual customers. These products combine a stage of interest-bearing savings, which give right to a preferential housing loan in a second stage. 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, 2014	Dec. 31, 2013
Subordinated debt	4,935	3,971
Non-voting loan stock	26	28
Perpetual subordinated loan stock	1,461	1,462
Other debt	1	1
Accrued interest	64	43
TOTAL	**6,486**	**5,505**

Main subordinated debt issues

(in € millions)	**Type**	**Issue date**	**Amount issued**	**Amount as of Dec. 31, 2014 (1)**	**Rate**	**Maturity**
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 30, 2003	€800m	€792m	5.00	Sept. 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated note	Oct. 22, 2010	€1,000m	€910m	4.00	Oct. 22, 2020
Banque Fédérative du Crédit Mutuel	Subordinated note	May 21, 2014	€1,000m	€1,000m	3.00	May 21, 2024
CIC	Non-voting loan stock	May 28, 1985	€137m	€12m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Dec. 15, 2004	€750m	€750m	(4)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Feb. 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, 2014	Dec. 31, 2013
. Capital stock and issue premiums	5,840	5,759
- Capital stock	5,840	5,759
- Issue premiums	0	0
. Consolidated reserves	22,978	21,081
- Regulated reserves	7	7
- Other reserves (including effects related to first-time application of standards)	22,858	20,972
- Retained earnings	113	103
. Net income for the year	2,179	2,011
TOTAL	**30,997**	**28,851**

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, 2014, the capital of the Crédit Mutuel Caisses comprised:
- €182.7 million in A units
- €5,639.3 million in B units
- €18.1 million in P units

23b - Unrealized or deferred gains and losses

	Dec. 31, 2014	Dec. 31, 2013
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale financial assets		
- equities	956	868
- bonds	677	141
. Hedging derivative instruments (cash flow hedges)	-20	-24
. Actuarial gains and losses	-263	-162
. Translation adjustments	80	20
. Share of unrealized or deferred gains and losses of associates	-12	-33
TOTAL	**1,417**	**809**
Attributable to the Group	*1,238*	*710*
Attributable to minority interests	*180*	*99*

* Net of tax.

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

	Changes 2014	Changes 2013
Translation adjustments		
- Reclassification in income	0	0
- Other movements	60	-10
- Translation adjustment	*60*	*-10*
Remeasurement of available-for-sale financial assets		
- Reclassification in income	39	38
- Other movements	585	354
Remeasurement of available-for-sale financial assets	*624*	*392*
Remeasurement of hedging derivative instruments		
- Reclassification in income	0	0
- Other movements	4	75
Remeasurement of hedging derivatives	*4*	*75*
- Share of unrealized or deferred gains and losses of associates	21	19
Share of unrealized or deferred gains and losses of associates	*21*	*19*
TOTAL - Recyclable gains and losses	***710***	***475***
- Remeasurement of non-current assets		
- Actuarial gains and losses on defined benefit plans	-102	8
TOTAL - Non-recyclable gains and losses	**-102**	**8**
Total gains and losses recognized directly in shareholders' equity	**608**	**483**

23d - Tax on components of gains and losses recognized directly in equity

	Changes 2014			Changes 2013		
	Gross amount	orporate income ta	Net amount	Gross amount	orporate income ta	Net amount
Translation adjustments	60		60	-10		-10
Remeasurement of available-for-sale financial assets	952	-328	624	497	-105	392
Remeasurement of non-current assets	0	0		0		
Actuarial gains and losses on defined benefit plans	-155	53	-102	9	-1	8
Share of unrealized or deferred gains and losses of associates	21		21	19		19
Total gains and losses recognized directly in shareholders' equity	**885**	**-277**	**608**	**592**	**-109**	**483**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
Commitments given to credit institutions	1,452	1,742
Commitments given to customers	48,897	49,896
Guarantee commitments		
Guarantees given on behalf of credit institutions	1,740	2,017
Guarantees given on behalf of customers	15,184	15,169
Commitments on securities		
Other commitments given	240	309
Commitments given by the Insurance business line	578	498

Commitments and guarantees received	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
Commitments received from credit institutions	6,952	11,702
Guarantee commitments		
Commitments received from credit institutions	31,280	30,820
Commitments received from customers	10,108	8,582
Commitments on securities		
Other commitments received	86	116
Commitments received by the Insurance business line	3,200	3,810

Securities sold under repurchase agreements	Dec. 31, 2014	Dec. 31, 2013
Amounts received under resale agreements	30,048	20,714
Related liabilities	29,309	20,815

Assets given as collateral for liabilities	Dec. 31, 2014	Dec. 31, 2013
Loaned securities	1	1
Security deposits on market transactions	6,998	6,002
Total	**6,999**	**6,003**

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, 2014		Dec. 31, 2013	
	Income	Expense	Income	Expense
. Credit institutions and central banks	861	-517	969	-634
. Customers	12,835	-5,567	13,171	-6,010
- of which finance leases and operating leases	2,675	-2,388	2,674	-2,375
. Hedging derivative instruments	3,418	-4,154	1,947	-2,061
. Available-for-sale financial assets	455		418	
. Held-to-maturity financial assets	327		333	
. Debt securities		-1,999		-1,967
. Subordinated debt		-41		-51
TOTAL	**17,896**	**-12,277**	**16,839**	**-10,723**

NOTE 26 - Fees and commissions

	Dec. 31, 2014		Dec. 31, 2013	
	Income	Expense	Income	Expense
Credit institutions	11	-7	18	-3
Customers	1,329	-24	1,334	-21
Securities	733	-40	722	-47
of which funds managed for third parties	*497*		*482*	
Derivative instruments	2	-4	2	-4
Foreign exchange	20	-2	20	-2
Financing and guarantee commitments	79	-6	51	-24
Services provided	1,570	-808	1,558	-797
TOTAL	**3,743**	**-892**	**3,705**	**-899**

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2014	Dec. 31, 2013
Trading derivative instruments	238	-367
Instruments designated under the fair value option(1)	158	132
Ineffective portion of hedging instruments	16	9
. Cash flow hedges	0	0
. Fair value hedges	16	9
. Change in fair value of hedged items	-891	-675
. Change in fair value of hedging items	907	684
Foreign exchange gains (losses)	45	46
Total changes in fair value	**456**	**-180**

(1) of which €142 million relating to the Private equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	Dec. 31, 2014			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		75	0	75
. Equities and other variable-income securities	19	-13	0	6
. Long-term investments	48	-13	32	67
. Other expenses	0	0	0	0
TOTAL	**67**	**49**	**32**	**148**

	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	-4	15	44
. Other expenses	0	2	0	2
TOTAL	**47**	**248**	**48**	**344**

NOTE 29 - Other income and expense

	Dec. 31, 2014	Dec. 31, 2013
Income from other activities		
. Insurance contracts	13,110	12,841
. Investment property	5	2
- Reversals of depreciation, amortization and impairment charges	3	2
- capital gains on disposals	3	0
. Rebilled expenses	76	74
. Other income	1,595	1,552
Sub-total	**14,786**	**14,469**
Expenses on other activities		
. Insurance contracts	-10,897	-10,779
. Investment property	-57	-31
- depreciation, amortization and impairment charges (based on the accounting method selected)	-57	-31
. Other expenses	-933	-851
Sub-total	**-11,886**	**-11,660**
Other income and expense, net	**2,900**	**2,809**

Net income from the Insurance business line

	Dec. 31, 2014	Dec. 31, 2013
Earned premiums	10,117	9,632
Claims and benefits expenses	-6,545	-6,623
Movements in provisions	-4,358	-4,165
Other technical and non-technical income and expense	81	78
Net investment income	2,918	3,140
Total	**2,213**	**2,062**

NOTE 30 - General operating expenses

	Dec. 31, 2014	Dec. 31, 2013
Payroll costs	-4,417	-4,373
Other operating expenses	-3,129	-3,009
TOTAL	**-7,546**	**-7,382**

30a - Payroll costs

	Dec. 31, 2014	Dec. 31, 2013
Salaries and wages	-2,769	-2,752
Social security contributions(1)	-1,090	-1,062
Employee benefits - short-term	-2	-4
Incentive bonuses and profit-sharing	-211	-220
Payroll taxes	-341	-332
Other expenses	-4	-3
TOTAL	**-4,417**	**-4,373**

(1) The CICE tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €61.8 million in 2014.

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, 2014	Dec. 31, 2013
Banking staff	38,680	38,751
Management	22,716	22,386
TOTAL	**61,396**	**61,137**
Analysis by country		
France	50,254	50,322
Rest of the world	11,142	10,815
TOTAL	**61,396**	**61,137**

	Dec. 31, 2014	Dec. 31, 2013
*Number of employees at end of year**	**65,571**	**65,051**

** The number of employees at 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 consolidation).*

30b - Other operating expenses

	Dec. 31, 2014	Dec. 31, 2013
Taxes and duties	-313	-302
External services	-2,212	-2,117
Other miscellaneous expenses (transportation, travel, etc.)	-100	-85
TOTAL	**-2,625**	**-2,504**

30c - Depreciation, amortization and impairment of property, equipment and intangible assets

	Dec. 31, 2014	Dec. 31, 2013
Depreciation and amortization	-495	-503
- property and equipment	-388	-389
- intangible assets	-107	-114
Impairment losses	-9	-2
- property and equipment	0	-3
- intangible assets	-9	0
TOTAL	**-504**	**-505**

NOTE 31 - Net additions to/reversals from provisions for loan losses

Dec. 31, 2014	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	105	-1	0	0	104
Customers	-1,377	1,380	-686	-361	128	-916
. Finance leases	-4	6	-4	-2	1	-4
. Other customer items	-1,373	1,374	-681	-360	128	-912
Sub-total	**-1,377**	**1,484**	**-687**	**-361**	**128**	**-812**
Held-to-maturity financial assets	0	2	0	0	0	2
Available-for-sale financial assets	-32	15	-20	-21	2	-56
Other	-57	58	-6	-2	0	-6
TOTAL	**-1,465**	**1,559**	**-713**	**-384**	**130**	**-872**

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	-1,501	1,480	-816	-338	114	-1,060
. Finance leases	-5	6	-4	-3	1	-6
. Other customer items	-1,495	1,474	-811	-336	114	-1,054
Sub-total	**-1,501**	**1,511**	**-817**	**-338**	**114**	**-1,031**
Held-to-maturity financial assets	-3	0	0	0	0	-3
Available-for-sale financial assets	-14	3	-12	-39	15	-46
Other	-71	65	-2	-2	0	-11
TOTAL	**-1,589**	**1,579**	**-831**	**-379**	**130**	**-1,091**

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2014	Dec. 31, 2013
Property, equipment and intangible assets	4	5
. Losses on disposals	-13	-16
. Gains on disposals	17	21
Gain (loss) on consolidated securities sold	1	0
TOTAL	**5**	**5**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2014	Dec. 31, 2013
Impairment of goodwill	-21	0
Negative goodwill taken to income	0	0
TOTAL	**-21**	**0**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2014	Dec. 31, 2013
Current taxes	-1,131	-1,229
Deferred taxes	-69	12
Adjustments in respect of prior years	5	0
TOTAL	**-1,195**	**-1,217**

Reconciliation between the corporate income tax expense recognized and the theoretical tax expense

	Dec. 31, 2014	Dec. 31, 2013
Taxable income	3,538	3,441
Theoretical tax rate	38.00%	38.00%
Theoretical tax expense	**-1,345**	**-1,307**
Impact of preferential "SCR" and "SICOMI" rates	39	32
Impact of the reduced rate on long-term capital gains	27	0
Impact of different tax rates paid by foreign subsidiaries	19	30
Permanent timing differences	50	-33
Other impacts	15	62
Tax expense	**-1,195**	**-1,217**
Effective tax rate	33.79%	35.36%

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, 2014 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, 2014.

	Dec. 31, 2014					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**362,195**	**343,901**	**18,294**	**14,461**	**52,225**	**295,509**
Loans and receivables due from credit institutions	41,700	43,606	-1,906	518	41,182	0
- Debt securities	1,506	1,494	12	518	988	0
- Loans and advances	40,194	42,112	-1,917	0	40,194	0
Loans and receivables due from customers	305,533	287,224	18,309	19	10,013	295,501
- Debt securities	577	578	0	19	0	558
- Loans and advances	304,956	286,647	18,309	0	10,013	294,943
Held-to-maturity financial assets	14,962	13,071	1,891	13,924	1,030	8
Liabilities	**391,972**	**385,202**	**6,771**	**659**	**236,675**	**154,639**
Due to credit institutions	37,276	37,212	63	0	37,276	0
Due to customers	236,044	235,831	213	0	81,405	154,639
Debt securities	111,617	105,672	5,945	659	110,958	0
Subordinated debt	7,036	6,486	550	0	7,036	0

Dec. 31, 2013	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**333,050**	**326,317**	**6,733**	**13,464**	**46,219**	**273,367**
Loans and receivables due from credit institutions	36,908	39,866	-2,958	1,011	35,897	0
- Debt securities	1,815	1,812	3	1,011	804	0
- Loans and advances	35,093	38,054	-2,961	0	35,093	0
Loans and receivables due from customers	282,875	274,451	8,424	243	9,265	273,367
- Debt securities	555	576	-21	243	119	193
- Loans and advances	282,320	273,875	8,446	0	9,146	273,174
Held-to-maturity financial assets	13,267	12,000	1,267	12,209	1,058	0
Liabilities	**352,541**	**351,067**	**1,474**	**709**	**200,888**	**150,944**
Due to credit institutions	18,950	18,920	30	0	18,950	0
Due to customers	225,744	228,486	-2,742	0	74,800	150,944
Debt securities	101,472	98,156	3,315	672	100,800	0
Subordinated debt	6,375	5,505	871	37	6,339	0

NOTE 36 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2014		Dec. 31, 2013	
	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Companies consolidated using the equity method	Other entities in the Confédération Nationale
Assets				
Loans, advances and securities				
Loans and receivables due from credit institutions	2,510	4,691	2,451	4,887
Loans and receivables due from customers	0	26	0	32
Securities	0	509	8	387
Other assets	4	35	4	155
TOTAL	2,514	5,261	2,463	5,461
Liabilities				
Deposits				
Due to credit institutions	3,155	1,162	3,556	2,207
Due to customers	9	2,072	8	2,109
Debt securities	40	762	70	1,359
Other liabilities	0	98	0	87
TOTAL	3,205	4,094	3,634	5,762
Financing and guarantee commitments				
Financing commitments given	265	7	324	11
Guarantee commitments given	40	75	28	472
Guarantee commitments received	0	438	0	380

Income statement items concerning related party transactions

	Dec. 31, 2014		Dec. 31, 2013	
	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Companies consolidated using the equity method	Other entities in the Confédération Nationale
Interest received	14	82	15	97
Interest paid	-13	-51	-16	-64
Fees and commissions received	3	12	4	11
Fees and commissions paid	0	-5	0	-5
Other income (expense)	36	3	24	-36
General operating expenses	12	-15	11	-15
TOTAL	51	26	37	-12

"Other entities in the Confédération Nationale" correspond to the other Crédit Mutuel regional federations that do not belong to the Caisse Fédérale de Crédit Mutuel.

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 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 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 also benefited from the accidental death and disability plans and supplementary 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 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, 2014*	*Dec. 31, 2013*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,734	5,514

Following the resignation of Mr Lucas as chairman of the board of directors and chief executive officer, at the proposal of the remuneration committee, which verified that the conditions governing the payment of the termination indemnity voted by the board at its meeting of May 19, 2011 had been fulfilled, the CIC board of directors' meeting of December 11, 2014 decided to pay Mr Lucas a termination indemnity of €550,000.

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 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 €1,200,000 (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 €18,173 in 2014.

NOTE 37 - Events after the reporting period and other information

The consolidated financial statements of the group of members of the Caisse Fédérale de Crédit Mutuel at the year ended December 31, 2014 were approved by the board of directors at its meeting of February 27, 2015.

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, excluding VAT)	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Audit								
Statutory audit and contractual audits								
- BFCM	203	244	6%	7%	292	197	4%	3%
- Fully consolidated subsidiaries	2,647	2,728	79%	73%	4,769	4,796	73%	76%
Other assignments and services directly related to the statutory audit(1)								
- BFCM	10	95	0%	3%	15	30	0%	0%
- Fully consolidated subsidiaries	403	647	12%	17%	1,084	653	17%	10%
Sub-total	***3,264***	***3,714***	***98%***	***99%***	***6,160***	***5,676***	***94%***	***90%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	20	0	1%	0%	88	85	1%	1%
- Other	62	22	2%	1%	313	556	5%	9%
Sub-total	***82***	***22***	***2%***	***1%***	***401***	***641***	***6%***	***10%***
Total	**3,346**	**3,736**	**100%**	**100%**	**6,561**	**6,317**	**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 the CM11 group, mentioned in the table above, amounted to €6,953 thousand for the fiscal year 2014.

III.5 - Statutory Auditors' report on the consolidated financial statements of CM11 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 GROUP
Year ended December 31, 2014

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, 2014 on:

- the audit of the accompanying consolidated financial statements of the CM11 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, 2014 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 16, 2015.

French original signed by

The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Arnaud Bourdeille	Olivier Durand

IV. CM11-CIC GROUP - INFORMATION RELATING TO PILLAR 3 OF THE BASEL AGREEMENTS

Information relating to pillar 3 of the Basel agreements as transposed in the European regulation.

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 Report”.

IV.1.2 - Risk management function’s structure and organization

The Basel agreements relating to risk management by credit institutions have contributed to the emergence of a national risk function, independent from entities responsible for setting up or renewing credit lines. This is overseen by the Risks Department and by the Compliance Department of the Conféderation Nationale du Crédit Mutuel, both of which report to Executive management.

The Risks Department encompasses credit risk, interest-rate, liquidity and market risk, operational risk and permanent control. It consists of three divisions: the Risks team, the Basel 2 team and Permanent Control.

The Risks team uses tools and methodologies (developed internally and broadly integrating the rating system) to identify the principal risks to which the Group is exposed. It manages the group's risks function and defines and/or validates national procedures prior to their presentation to decision-making bodies.

The Basel 2 team adds to or updates the Basel 2 methodologies submitted for validation within dedicated working groups, which the regional Groups participate in. The team specializing in credit risk is responsible for managing and back-testing models and calculating and monitoring parameters. The team dedicated to operational risk measures proven and potential risk, monitors the impact of risk reduction measures, draws up reports and analyses the principal risks.

Permanent control encompasses the permanent control function of the Confederation and the coordination of the regional Groups' permanent controls on control programs.

In connection with the Group's governance, the Risks Department reports on its work to the executive body. Executive management regularly reports to the Risks Committee. The latter assists the Board of Directors of the Confédération Nationale du Crédit Mutuel in examining the risks to which the whole group is exposed. The Risks Committee, whose members are appointed by the Board of Directors, meets at least twice annually to assess the quality of risks and to examine the quality of liabilities and any breaches of limits or alert thresholds. It makes useful recommendations in this respect to the regional Groups and to the board of the Confédération Nationale du Crédit Mutuel.

In 2014, the Risks Committee met four times. A report listing the principal risks monitored was submitted and commented upon at each meeting.

IV.1.3 - Scope and nature of risk reporting and measurement systems

On the subjects of credit risk, interest-rate risk, market risk and operational risk, the Risks Department of the CNCM draws up reports to monitor and analyze the change in the Group's risk profile. For credit risk, the risk reporting and measurement system in place leans very heavily on Basel 2 tools, interfaced with accounting.

IV.1.4 - Risk hedging and reduction policies, and policies and procedures put in place to ensure their constant effectiveness

The risk hedging and reduction policy, as well as procedures put in place to ensure their constant effectiveness, is the responsibility of the regional Groups. Their consistency at the national level is ensured by limit mechanisms, procedures, reports and control processes (permanent and periodic).

IV.1.4 - The Group's risk profile

The Crédit Mutuel group is a mutual bank, solely owned by its members, which is not included in the list of global systemically important financial institutions (G-SIFIs)[5]. It predominantly operates in France and in neighboring European countries (Germany, Belgium, Luxembourg and Switzerland).
Retail banking is its core business, as demonstrated by the share of credit risk in its total capital requirements and the predominance of the Retail portfolio in all its exposures.
The group's strategy is one of controlled, sustainable and profitable growth. Its financial solidity is strengthened by the regular retention of earnings. Its Common Equity Tier1 (CET1) capital ratio of 14.5% places it among the safest European banks.
The Group's risk management process is designed to fit its risk profile and strategy and the appropriate risk management systems.

IV.2 - Application scope

Pursuant to the provisions of EU regulation 575/2013 of the European Parliament and Council relating to prudential requirements applicable to credit institutions and investment firms (the so-called "CRR"), the accounting and prudential scopes consist of the same entities and only the consolidation method changes.
For the CM11 Group, the consolidation method differs for entities in the insurance sector, the press division and securitization funds, which are consolidated by the equity method, regardless of the percentage of control.
The composition of the CM11 Group's prudential consolidation scope relative to its accounting scope at 31.12.2014 breaks down as follows:

Detailed table of the accounting/prudential scope reconciliation

[5] Indicators resulting from QIS dedicated to their identification are made public on the group's institutional website in the document entitled "systemic indicators".

	Dec. 31, 2014			
	Percent control	Percent interest	Accounting method	Prudential method
A. Banking network				
Banque Européenne du Crédit Mutuel (BECM)	100	99	FC	FC
BECM Frankfurt (BECM branch)	100	99	FC	FC
BECM Saint Martin (BECM branch)	100	99	FC	FC
Caisse Agricole du Crédit Mutuel	100	100	FC	FC
CIC Est	100	94	FC	FC
CIC Iberbanco	100	99	FC	FC
CIC Lyonnaise de Banque (LB)	100	94	FC	FC
CIC Nord-Ouest	100	94	FC	FC
CIC Ouest	100	94	FC	FC
CIC Sud Ouest	100	94	FC	FC
Crédit Industriel et Commercial (CIC)	95	94	FC	FC
CIC London (CIC branch)	100	94	FC	FC
CIC New York (CIC branch)	100	94	FC	FC
CIC Singapore (CIC branch)	100	94	FC	FC
Targobank AG & Co. KGaA	100	99	FC	FC
Targobank Espagne	50	49	EM	PC

	Dec. 31, 2014			
	Percent control	Percent interest	Accounting method	Prudential method
B. Banking network - subsidiaries				
Banca Popolare di Milano			NC	EM
Bancas	50	49	EM	PC
Banco Popular Español	4	4	EM	EM
Banque de Tunisie	34	34	EM	EM
Banque du Groupe Casino	50	49	EM	PC
Banque Européenne du Crédit Mutuel Monaco	100	99	FC	FC
Banque Marocaine du Commerce Exterieur (BMCE)	26	26	EM	EM
Caisse Centrale du Crédit Mutuel	53	53	EM	EM
Cartes et crédits à la consommation	100	99	FC	FC
CM-CIC Asset Management	90	91	FC	FC
CM-CIC Bail	100	94	FC	FC
CM-CIC Epargne salariale	100	94	FC	FC
CM-CIC Factor	95	92	FC	FC
CM-CIC Gestion	100	91	FC	FC
CM-CIC Home Loan SFH	100	99	FC	FC
CM-CIC Lease	100	96	FC	FC
CM-CIC Leasing Benelux	100	94	FC	FC
CM-CIC Leasing GmbH	100	94	FC	FC
Cofidis Belgique	100	54	FC	FC
Cofidis France	100	54	FC	FC
Cofidis Spain (Cofidis France branch)	100	54	FC	FC
Cofidis Hungary (Cofidis France branch)	100	54	FC	FC
Cofidis Portugal (Cofidis France branch)	100	54	FC	FC
Cofidis Italie	100	54	FC	FC
Cofidis République Tchèque	100	54	FC	FC
Cofidis Slovaquie	100	54	FC	FC
Creatis	100	54	FC	FC
FCT CM-CIC Home loans	100	99	FC	
Fivory (formerly BCMI)	100	99	FC	FC
Monabanq	100	54	FC	FC
SCI La Tréflière	100	99	FC	FC
SOFEMO - Société Fédérative Europ.de Monétique et de Financement	100	54	FC	FC
Targo Dienstleistungs GmbH	100	99	FC	FC
Targo Finanzberatung GmbH	100	99	FC	FC
C. Financing and capital markets				
Banque Fédérative du Crédit Mutuel (BFCM)	99	99	FC	FC
Banque Fédérative du Crédit Mutuel Frankfurt (BFCM branch)	100	99	FC	FC
Cigogne Management	100	96	FC	FC
CM-CIC Securities	100	94	FC	FC
Diversified Debt Securities SICAV - SIF	100	94	FC	FC
Divhold	100	94	FC	FC
Lafayette CLO 1 LtD			NC	EM
Ventadour Investissement	100	99	FC	FC
D. Private banking				
Banque de Luxembourg	100	94	FC	FC
Banque Pasche	100	94	FC	FC
Banque Transatlantique (BT)	100	94	FC	FC
Banque Transatlantique Belgium	100	94	FC	FC
Banque Transatlantique London (BT branch)	100	94	FC	FC
Banque Transatlantique Luxembourg	100	94	FC	FC
Banque Transatlantique Singapore Private Ltd	100	94	FC	FC
CIC Suisse	100	94	FC	FC
Dubly-Douilhet Gestion	100	94	FC	FC
Pasche Finance SA Fribourg	100	94	FC	
Serficom Brasil Gestao de Recursos Ltda	97	91	FC	
Serficom Family Office Brasil Gestao de Recursos Ltda	100	94	FC	
Serficom Family Office SA	100	94	FC	
Transatlantique Gestion	100	94	FC	FC
Trinity SAM (formerly Banque Pasche Monaco SAM)	100	94	FC	

	Dec. 31, 2014			
	Percent control	Percent interest	Accounting method	Prudential method
E. Private equity				
CM-CIC Capital et Participations	100	94	FC	FC
CM-CIC Capital Finance	100	94	FC	FC
CM-CIC Capital Innovation	100	94	FC	FC
CM-CIC Conseil	100	94	FC	FC
CM-CIC Investissement	100	94	FC	FC
CM-CIC Proximité	100	94	FC	FC
Sudinnova	66	62	FC	FC
F. Logistics and holding company services				
Actimut	100	100	FC	FC
Adepi	100	94	FC	FC
CIC Participations	100	94	FC	FC
CM Akquisitions	100	99	FC	FC
CM-CIC Services	100	100	FC	FC
CMCP - Crédit Mutuel Cartes de Paiement	59	62	FC	FC
Cofidis Participations	55	54	FC	FC
Est Bourgogne Rhone Alpes (EBRA)	100	99	FC	EM
Euro-Information	80	79	FC	FC
Euro-Information Développement	100	79	FC	FC
EIP	100	100	FC	FC
EI Telecom	95	75	FC	EM
Euro Protection Surveillance	100	84	FC	EM
Gesteurop	100	94	FC	FC
Groupe Républicain Lorrain Communication (GRLC)	100	99	FC	EM
L'Est Républicain	92	91	FC	EM
SAP Alsace (formerly SFEJIC)	99	97	FC	EM
Société Civile de Gestion des Parts dans l'Alsace - SCGPA	100	99	FC	FC
Société de Presse Investissement (SPI)	100	98	FC	EM
Targo Akademie GmbH	100	99	FC	FC
Targo Deutschland GmbH	100	99	FC	FC
Targo IT Consulting GmbH	100	99	FC	FC
Targo IT Consulting GmbH Singapore (Targo IT consulting GmbH branch)	100	99	FC	FC
Targo Management AG	100	99	FC	FC
Targo Realty Services GmbH	100	99	FC	FC
G. Insurance companies				
ACM GIE	100	86	FC	
ACM IARD	96	83	FC	
ACM Nord IARD	49	42	EM	
ACM RE	100	86	FC	
ACM Services	100	86	FC	
ACM Vie	100	86	FC	
ACM Vie, Société d'Assurance Mutuelle	100	100	FC	
Agrupació AMCI d'Assegurances i Reassegurances S.A.	73	72	FC	
Agrupació Bankpyme Pensiones	73	72	FC	
Agrupació Serveis Administratius	73	72	FC	
AMDIF	73	72	FC	
AMSYR	73	72	FC	
Assistencia Avançada Barcelona	73	72	FC	
Astree	30	26	EM	
Groupe des Assurances du Crédit Mutuel (GACM)	88	86	FC	EM
ICM Life	100	86	FC	
Immobilière ACM	100	86	FC	
MTRL	100	100	FC	
Partners	100	86	FC	
Procourtage	100	86	FC	
RMA Watanya	22	19	EM	
Royal Automobile Club de Catalogne	49	42	EM	
Serenis Assurances	100	86	FC	
Serenis Vie	100	86	FC	
Voy Mediación	90	76	FC	

	Dec. 31, 2014			
	Percent control	Percent interest	Accounting method	Prudential method
H. Other companies				
Affiches D'Alsace Lorraine	100	97	FC	
Alsace Média Participation	100	97	FC	
Alsacienne de Portage des DNA	100	97	FC	
CM-CIC Immobilier	100	99	FC	FC
Distripub	100	97	FC	
Documents AP	100	99	FC	
Est Bourgogne Médias	100	99	FC	
Foncière Massena	100	86	FC	
France Régie	100	97	FC	
GEIE Synergie	100	54	FC	FC
Groupe Dauphiné Media (formerly Publiprint Dauphiné)	100	99	FC	
Groupe Progrès	100	99	FC	
Groupe Républicain Lorrain Imprimeries (GRLI)	100	99	FC	
Immocity	100	99	FC	
Jean Bozzi Communication	100	99	FC	
Journal de la Haute Marne	50	45	EM	
La Liberté de l'Est	97	88	FC	
La Tribune	100	99	FC	
Le Dauphiné Libéré	100	99	FC	
Le Républicain Lorrain	100	99	FC	
Les Dernières Nouvelles d'Alsace	100	97	FC	
Les Dernières Nouvelles de Colmar	100	97	FC	
Lumedia	50	49	EM	
Massena Property	100	86	FC	
Massimob	100	83	FC	
Mediaportage	100	97	FC	
Presse Diffusion	100	99	FC	
Publiprint Province n°1	100	99	FC	
Républicain Lorrain Communication	100	99	FC	
Républicain Lorrain - TV news	100	99	FC	
SCI ACM	100	86	FC	
SCI Eurosic Cotentin	50	43	EM	
SCI Le Progrès Confluence	100	99	FC	
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	100	99	FC	

IV.3 - Equity structure

Since January 1, 2014, prudential capital has been determined in accordance with part I of EU regulation 575/2013 of the European Parliament and Council of June 26, 2013 concerning prudential requirements applicable to credit institutions and investment firms, modifying EU regulation 648/2012 (the "CRR"), rounded out by technical standards (delegated and EU execution regulations of the European Commission).

Shareholders' equity now consists of the sum of:

- Tier 1 capital: comprising Common Equity Tier 1 (CET1) net of deductions and additional Tier 1 capital (AT1) net of deductions,
- Tier 2 capital net of deductions.

IV.3.1 - Tier 1 capital

Common Equity Tier 1 (CET 1) consists of share capital instruments and the associated issuance premiums, reserves (including those on items of other comprehensive income) and non-distributed earnings. Payments must be totally flexible and the instruments must be perpetual.

Additional Tier 1 (AT1) capital consists of perpetual debt instruments without any redemption incentive or obligation (in particular step-up features). AT1 instruments are subject to a loss absorption mechanism triggered when the CET1 ratio is below a threshold that must be set at no lower than

5.125%. These instruments may be converted into shares or incur a reduction in their nominal value. Payments must be totally flexible: suspension of coupon payments is at the issuer's discretion.

Article 92, paragraph 1, of the CRR sets a minimum Common Equity Tier 1 ratio of 4.5% and a minimum Tier 1 ratio of 6%.
However, under the transitional provisions provided for in article 465, paragraph 1, of the CRR, the competent authorities can set these ratios within a range between January 1, 2014 and December 31, 2014. The SGACPR published its decision in the press release of December 12, 2013: a Common Equity Tier 1 ratio of 4% and a Tier 1 ratio of 5.5%.
Common equity Tier 1 is determined based on the Group's reported shareholders' equity[6], calculated on the prudential scope, after applying prudential filters and a number of regulatory adjustments.

Prudential filters:

In the previous regulation, unrealized capital gains were filtered out of core capital in accordance with article 2bis of regulation 90-02 (currently being repealed) and, based on the principle of symmetry, the exposure value for the calculation of weighted risks, in particular the exposure value to equities, did not take them into account.
Despite the scheduled disappearance of unrealized capital gains and losses from prudential filters (article 35 of the CRR), prudential filters and the symmetrical treatment continue partially to be applied during the transitional phase as follows:
In 2014, 100% of unrealized capital gains were excluded from Common Equity Tier 1 (and, symmetrically, from the denominator of the exposure at default value).
In 2015, when 40% of unrealized capital gains will be included in Common Equity Tier 1 (and 60% excluded), the denominator of the exposure at default value will be adjusted accordingly.
For unrealized capital losses, the SGACPR has decided to bring the timetable forward by requiring the inclusion of 100% of unrealized capital losses in Common Equity Tier 1 from 2014 (decision by the Committee on November 12, 2013). The denominator of the exposure value also included 100% of unrealized capital losses in 2014.
Unrealized capital gains and losses are offset on a portfolio by portfolio basis.

Differences between the income of affiliates recorded on an equity basis are spread between reserves and retained earnings, on the one hand, and the interim result, on the other hand, according to the capital categories in which they originate.

In contrast, 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, continue to be neutralized (as under the CRBF regulation 90-02).

Other CET1 adjustments mainly concern:
- dividend payment forecasts;
- deduction of goodwill on acquisitions and other intangible assets;
- the negative difference between provisions and expected losses, as well as on expected losses on equities;
- value adjustments due to prudential valuation requirements;
- deferred tax assets depending on future earnings and not resulting from temporary differences net of the associated tax liabilities;
- losses or gains recorded by the Group on its liabilities recorded at fair value and linked to the change in its credit quality;
- fair value losses and gains on derivative instruments on the liability side of the Group's balance sheet and linked to the change in its credit quality;
- direct, indirect and synthetic holdings in the CET1 instruments of financial sector entities when these exceed a threshold of 10% of the CET1.

6 *See table: Reconciliation of the financial balance sheet / regulatory balance sheet / shareholders' equity"*

IV.3.2 - Tier 2 capital

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Early redemption incentives are prohibited.

The amount of "eligible capital" is more limited. This notion is used to calculate thresholds for major risks and non-financial stakes weighted at 1250%. It is the sum of:

- Tier 1 capital, and
- Tier 2 capital, capped at one-third of Tier 1 capital.

1. Common Equity Tier 1 (CET1) capital instruments

	Dec. 31, 2013	Dec. 31, 2014
Capital instruments eligible for CET1	5,666,834	5,821,985

The shares issued by the Crédit Mutuel local banks are described in Note 23.

2. Additional Tier 1 (AT1) capital instruments

	Dec. 31, 2013	Dec. 31, 2014
Capital instruments eligible for AT1	0	0
Instruments eligible for transitional treatment	1,747,983	1,746,763
Total	**1,747,983**	**1,746,763**

Main instruments:

Issuer	ISIN code	Issue date	Maturity	Nominal value	Interest rate	Call option exercise date	Step-up	Eligible AT1 amount	Total amount included in AT1 including transitional treatment
Banque Fédérative du Crédit Mutuel	XS0207764712	Dec-04	No maturity date	750,000	3.57%	Dec-14	No	0	600,000
Banque Fédérative du Crédit Mutuel	XS0212581564	Feb-05	No maturity date	250,000	3.53%	Feb-15	No	0	200,000
Banque Fédérative du Crédit Mutuel	XS0218324050	Apr-05	No maturity date	403,896	4.47%	Oct-15	No	0	323,117
Banque Fédérative du Crédit Mutuel	XS0393640346	Oct-08	No maturity date	700,000	10.30%	Oct-18	No	0	560,000

3. Tier 2 (T2) capital instruments

	Dec. 31, 2013	Dec. 31, 2014
Capital instruments eligible for T2	3,138,686	3,533,573
Instruments eligible for transitional treatment	73,623	73,623
Total	**3,212,309**	**3,607,197**

Main instruments:

Issuer	ISIN code	Issue date	Maturity	Nominal value	Interest rate	Call option exercise date	Step-up	Eligible T2 amount	Total amount included in T2 including transitional treatment
Banque Fédérative du Crédit Mutuel	XS0207764712	déc.-04	No maturity date	750,000	3.57%	Dec-14	No	750,000	150,000
Banque Fédérative du Crédit Mutuel	XS0212581564	févr.-05	No maturity date	250,000	3.53%	Feb-15	No	250,000	50,000
Banque Fédérative du Crédit Mutuel	XS0218324050	avr.-05	No maturity date	403,896	4.47%	Oct-15	No	389,436	77,887
Banque Fédérative du Crédit Mutuel	XS0393640346	oct.-08	No maturity date	700,000	10.30%	Oct-18	No	-	-
Banque Fédérative du Crédit Mutuel	FR0010015982	sept.-03	Sep-15	800,000	5.00%	N/A	No	115,685	122,374
Banque Fédérative du Crédit Mutuel	FR0010539627	déc.-07	Dec-15	300,000	5.10%	N/A	No	57,863	57,863
Banque Fédérative du Crédit Mutuel	FR0010615930	juin-08	Jun-16	300,000	5.50%	N/A	No	87,616	87,616
Banque Fédérative du Crédit Mutuel	FR 0010690024	déc.-08	Dec-16	500,000	6.10%	N/A	No	195,068	195,068
Banque Fédérative du Crédit Mutuel	FR0011138742	déc.-11	Dec-18	1,000,000	5.30%	N/A	No	786,849	786,849
Banque Fédérative du Crédit Mutuel	XS0548803757	oct.-10	Oct-20	1,000,000	4.00%	N/A	No	909,838	976,772
Banque Fédérative du Crédit Mutuel	XS1069549761	mai-14	May-24	1,000,000	3.00%	N/A	No	1,000,000	1,000,000

IV.3.3 - Reconciliation of the financial balance sheet/regulatory balance sheet/shareholders' equity

	(in € millions)	Accounting consolidation	Prudential consolidation	Variance
	Shareholders' equity			
	Shareholders' equity attributable to the Group - Excl. OCI			
	Subscribed capital	5,840	5,840	-
	Issue premiums	-	-	-
1	Consolidated reserves - Group	22,978	22,978	-
	Consolidated net income - Group	2,179	2,179	-
2	**Shareholders' equity attributable to minority interests - Excl. OCI**			
	Consolidated reserves - Minority interests	2,206	1,451	- **755**
	Consolidated net income - Minority interests	235	149	- **86**
3	**Unrealized gains or losses attributable to the Group**	1,237	1,237	-
	of which equity instruments	871	872	
	of which debt instruments	584	584	
	of which cash flow hedges	- 36	- 36	
	Unrealized gains or losses attributable to minority interests	180	32	- **148**
	FGBR (solo entity under French standards) - to be entered			
	Balance sheet items included in the capital calculation			
4	Intangible assets (a)	926	669	- **257**
	Goodwill (including goodwill included in the value of investments in associates)	4,875	4,867	- **8**
5	Deferred taxes			
	. Assets	1,078	923	- **155**
	of which deferred tax assets on tax loss carryforwards	68	77	**9**
	. Liabilities	1,254	442	- **812**
	of which deferred tax liabilities on intangible assets (b)	52	52	-
6	Subordinated debt	6,486	7,314	**828**

Comments

4, 5 and 6 The variances result from changes in consolidation method for certain entities referred to in the section on consolidation, mainly insurance sector entities

	Capital	CET1	AT1	AT2
	Capital attributable to the Group			
	Paid-in capital	5,822		
	(-) Indirect holdings in CET1 instruments	-		
	Issue premiums	0		
1	Prior retained earnings	24,015		
	Gain or loss (attributable to the Group)	2,179		
	(-) Non-qualifying share of interim or year-end profits	- 107		
2	**Capital - Minority interests**			
	Qualifying minority interests	859	-	42
3	**Accumulated other comprehensive income**	203		
	of which equity instruments	459		
	of which debt instruments	- 67		
	of which cash flow hedge reserve	- 36		
	FGBR (solo entity under French standards)	-		
	Balance sheet items included in the capital calculation			
4	(-) Gross amount of other intangible assets including deferred tax liabilities on intangible assets (a-b)	- 617		
	(-) Goodwill on intangible assets	- 4,867		
5	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities	- 46		
	(-) Deductible deferred tax assets that rely on future profitability and arise from temporary differences	-		
6	Subordinated debt			3,534
	(-) Securitization positions that may be weighted at 1,250%	- 525		
	(-) Instruments of relevant entities where the institution does not have a significant investment	-	-	-
	(-) Instruments of relevant entities where the institution has a significant investment	-	-	-
	Other adjustments			
	Prudential filter: cash flow hedge reserve	36		
	Prudential filter: value adjustments due to requirements for prudent valuation	- 154		
	Prudential filter: cumulative gains and losses on liabilities measured at fair value due to changes in own credit standing	-		
	Prudential filter: fair value gains and losses arising from own credit risk related to derivative liabilities	- 4		
	Transitional adjustments due to grandfathering clauses on capital instruments	-	1,732	74
	Transitional adjustments due to grandfathering clauses on additional minority interests	593	15	- 0
	Transitional adjustments on gains and losses on capital instruments	- 459		
	Transitional adjustments on gains and losses on debt instruments	67		
	Other transitional adjustments	- 39	-	203
	Under the internal ratings-based approach, negative difference between provisions and expected losses	- 625		
	Under the internal ratings-based approach, positive difference between provisions and expected losses			281
	Credit risk adjustments (standardized approach)			362
	Excess of deduction of T2 items having an impact on AT1		-	-
	Excess of deduction of AT1 items having an impact on CET1	-	-	
	TOTAL	**26,332**	**1,747**	**4,494**
	CA1 amount	**26,332**	**1,747**	**4,494**
	Variance	**-**	**-**	**-**

Comments

1 The variance reflects the treatment required by the SGACPR's notice on gains and losses recorded by associates (see point 3)

2 A specific calculation is made for minority interests under the CRR

3 The variance reflects the treatment required by the SGACPR's notice on gains and losses recorded by associates (see point 1)

4 The amount of intangible assets deducted from capital includes the related deferred tax liabilities

6 Subordinated debt included in capital differs from the accounting consolidation due to items considered non-qualifying by the CRR, and to the calculation of a regulatory reduction over the last five years for fixed-term debt

		Amount at disclosure date (in € thousands)	Regulation (EU) No. 575/2013 article reference	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
	COMMON EQUITY TIER 1 (CET1) CAPITAL: instruments and reserves			
1	Capital instruments and the related share premium accounts	**5,821,985**	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: Shares	5,821,985	EBA list 26 (3)	
	of which: Share premiums	-	EBA list 26 (3)	
2	Retained earnings	**24,014,729**	26 (1) c	
3	Accumulated other comprehensive income (and other reserves)	**203,362**	26 (1)	
3a	Funds for general banking risk	-	26 (1) f	
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase-out from CET1	-	486 (2)	
5	Minority interests eligible for CET1	**859,122**	84, 479, 480	593,452
5a	Independently reviewed interim profits net of any foreseeable expense or dividend	**2,072,458**	26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**32,971,656**		
	COMMON EQUITY TIER 1 (CET1) CAPITAL: regulatory adjustments			
7	Additional value adjustments (negative amount)	- **154,150**	34, 105	
8	Intangible assets (net of related tax liabilities) (negative amount)	- **5,484,207**	36 (1) b, 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences, net of related tax liabilities (net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	- **46,093**	36 (1) c, 38, 472 (5)	36,874
11	Fair value reserves related to gains and losses on cash flow hedges	**35,731**	33a	
12	Negative amounts resulting from the calculation of expected losses	- **624,970**	36 (1) d, 40, 159, 472 (6)	
13	Any increase in equity resulting from securitized assets (negative amount)	-	32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	- **3,575**	33 (1) b et c	
15	Defined-benefit pension fund assets (negative amount)	-	36 (1) e, 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1) f, 41, 472 (8)	-
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1) g, 41, 472 (9)	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) h, 43, 45, 46, 49 (2) (3), 79, 472 (10)	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) i, 43, 45, 47, 48 (1) b, 49 (1) à (3), 79, 472 (11)	-
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	- **525,238**	36 (1) k	
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	36 (1) k (i), 89 à 91	
20c	*of which: securitization positions (negative amount)*	- *525,238*	36 (1) k (ii), 243 (1) b, 244 (1) b,258	
20d	*of which: free deliveries (negative amount)*	-	36 (1) k (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	-	36 (1) c, 38, 48 (1) a, 470, 472 (5)	-
22	Amount exceeding the 15% threshold (negative amount)	-	48 (1)	-
23	*of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	36 (1) (i), 48 (1) b, 470, 472 (11)	-
24	Empty set in the EU			
25	*of which: deferred tax assets arising from temporary differences*	-	36 (1) c, 38, 48 (1) a, 470, 472 (5)	-
25a	Losses for the current financial year (negative amount)	-	36 (1) a, 472 (3)	
25b	Foreseeable tax charge relating to CET1 items (negative amount)		36 (1) (i)	
26	Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	**630,326**		
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	- **467,320**		
	of which: filter for unrealized loss on equity instruments	-	467	
	of which: filter for unrealized loss on debt instruments	- *67,475*	467	
	of which: filter for unrealized gain on equity instruments	*458,673*	468	
	of which: filter for unrealized gain on debt instruments	-	468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (i)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1) capital**	- **6,639,495**		
29	**Common Equity Tier 1 (CET1) capital**	**26,332,161**		

	ADDITIONAL TIER 1 (AT1) CAPITAL: instruments			
30	Capital instruments and the related share premium accounts	-	51, 52	
31	*of which: classified as equity under applicable accounting standards*			
32	*of which: classified as liabilities under applicable accounting standards*	-		
33	Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase-out from AT1	1,731,997	486 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	14,766	85, 86, 480	14,766
35	*of which instruments issued by subsidiaries subject to phase-out*		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	1,746,762		
	ADDITIONAL TIER 1 (AT1) CAPITAL: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52(1) b, 56 a, 57, 475 (2)	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56 b, 58, 475 (3)	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	56 c, 59, 60, 79, 475 (4)	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	56 (d), 59, 79, 475 (4)	-
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	-	472 (10) a	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013	-	477 (4) a	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56a	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-		
44	**Additional Tier 1 (AT1) capital**	1,746,762		
45	**Tier 1 capital (T1 = CET1 + AT1)**	28,078,923		
	TIER 2 (T2) CAPITAL: instruments and provisions			
46	Capital instruments and the related share premium accounts	3,533,573	62, 63	
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase-out from T2	73,623	486 (4)	
48	Qualifying capital instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5) issued by subsidiaries and held by third parties	41,524	87.88, 480	- 88
49	*of which: instruments issued by subsidiaries subject to phase-out*		486 (4)	
50	Credit risk adjustments	642,467	62 c et d	
51	**Tier 2 (T2) capital before regulatory adjustments**	4,291,187		
	TIER 2 (T2) CAPITAL: instruments and provisions			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63 b (i), 66 a, 67, 477 (2)	-
53	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	66 b, 68, 477 (3)	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	66 c, 69, 70, 79, 477 (4)	-
54a	*of which new holdings not subject to transitional arrangements*	-		-
54b	*of which holdings existing before January 1, 2013 and subject to transitional arrangements*	-		-
55	Direct holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	66 d, 69, 79, 477 (4)	-
56	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-		
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	-	472 (9)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013		475, 475 (2) a, 475 (3), 475 (4) a	
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	202,760	467, 468, 481	
Ajoût	*of which: subsidies received by leasing companies*	-	481	
Ajoût	*of which: unrealized gains on equity instruments reported as additional capital*	*202,760*	481	
Ajoût	*of which: restatement for holding of capital instrument*	-	481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	202,760		
58	**Tier 2 (T2) capital**	4,493,947		
59	**Total capital (TC = T1 + T2)**	32,572,871		
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/ 2013	-		
	of which items not deducted from CET1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, deferred tax assets that rely on future profitability net of related tax liabilities, indirect holding of own CET1, etc.)	-	472 (8) b	
	of which items not deducted from AT1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, reciprocal cross holdings of AT1 capital instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	475, 475 (2) b, 475 (2) c, 475 (4) b	
	of which items not deducted from T2 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	477, 477 (2) b, 477 (2) c, 477 (4) b	
60	**Total risk-weighted assets**	181,851,273		

	CAPITAL RATIOS AND BUFFERS			
61	Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	14.48%	92 (2) a, 465	
62	Tier 1 capital (as a percentage of total risk exposure amount)	15.44%	92 (2) b, 465	
63	Total capital (as a percentage of total risk exposure amount)	17.91%	92 (2) c	
64	Institution-specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount	-	CRD 128, 129, 130	
65	*of which: capital conservation buffer requirement*	-		
66	*of which: countercyclical buffer requirement*	-		
67	*of which: systemic risk buffer requirement*	-		
67a	*of which: global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer*	-	CRD 131	
68	Common Equity Tier 1 capital available to meet buffers (as a percentage of total risk exposure amount)	9.98%	CRD 128	
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
	AMOUNTS BELOW THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	325,165	36 (1) h, 45, 46, 472 (10), 56 c, 59, 60, 475 (4), 66 c, 69, 70, 477 (4)	
73	Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,319,227	36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met)	518,180	36 (1) c, 38, 48, 470, 472 (5)	
	APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2 CAPITAL			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	361,750	62	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	430,678	62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	280,717	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	444,446	62	
	CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (only applicable between January 1, 2014 and January 1, 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	-	484 (3), 486 (2) et (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484 (3), 486 (2) et (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements	1,731,997	484 (4), 486 (3) et (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	- 371,899	484 (4), 486 (3) et (5)	
84	Current cap on T2 instruments subject to phase-out arrangements	73,623	484 (5), 486 (4) et (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	- 24,900	484 (5), 486 (4) et (5)	

IV.3.4 - Complementary surveillance of financial conglomerates

The CM11 Group is among the financial conglomerates supervised by the SGACPR. The financial conglomerates activity is exercised through the Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of the CM11 Group.
This subsidiary sells a large range of life insurance, personal insurance and property and liability insurance, predominantly through the Crédit Mutuel group's banking networks.
As an exemption to articles 36 and 43 of the CRR regulation and in accordance with the provisions of article 49 of this regulation, the SGACPR has authorized the group not to deduct holdings in the capital instruments of insurance sector entities from its Common Equity Tier 1 and to adopt the so-called "weighted average exposure" method, which consists in weighting instruments held in the group's insurance subsidiaries on the denominator of the capital ratio.

Accordingly, and pursuant to the decree of November 3, 2014, the group is also subject to a supplementary capital adequacy requirement according to the so-called "accounting consolidation" terms under IFRS. In this regard, insurance sector entities consolidated using the full consolidation method are also subject to prudential consolidation for the calculation of the supplementary requirement.

This supplementary surveillance has three parts within the scope of the conglomerate:
- the calculation of the supplementary capital adequacy requirement;
- the control of the concentration of risks by beneficiary;
- the control of the concentration of risks by sector.

The first part relating to the calculation of the supplementary capital adequacy requirement makes it possible to perform an annual check on coverage of capital requirements relating to the banking sector and the insurance sector by the conglomerate's consolidated accounting capital, including regulatory adjustments and transitional provisions in the CRR regulation.

At December 31, 2014, the Crédit Mutuel group had a coverage ratio of its conglomerate's capital requirements of 17.26%, after the integration of income net of estimated dividends.

The second part relating to control of the concentration of risks by sector makes it possible to report information for the banking sector and for the insurance sector:
- total assets held in equities,
- total assets held in property investments, and,
- stakes and subordinated debt held in credit institutions and financial institutions.

The final part relating to control of the concentration of risks by beneficiary on a consolidated basis consists in reporting gross risks (aggregate exposure to a single beneficiary) exceeding 10% of the conglomerate's consolidated shareholders' equity or €300 million. A distinction is drawn between the banking and insurance sectors for each beneficiary.

IV.3.5 - Solvency ratios

The Group's solvency ratios at December 31, 2014, after the integration of income net of the estimated dividend pay-out, totaled:

In € billions	Dec. 31, 2014
COMMON EQUITY TIER 1 (CET1) CAPITAL	**26.3**
Capital	5.8
Eligible reserves before adjustments	26.1
Deductions from Common Equity Tier 1 capital	-7.2
ADDITIONAL TIER 1 (AT1) CAPITAL	**1.7**
TIER 2 (T2) CAPITAL	**4.5**
TOTAL CAPITAL	**32.6**
Risk-weighted assets in respect of credit risk	162.7
Risk-weighted assets in respect of market risk	3.9
Risk-weighted assets in respect of operational risk	15.2
TOTAL RISK-WEIGHTED ASSETS	**181.9**

Solvency ratios	
Ratio Common Equity T1 (CET1)	14.5%
Tier 1 ratio	15.4%
Overall ratio	17.9%

In the framework of the CRR, the total capital requirement is maintained at 8% of risk-weighted assets (RWA).

IV.3.6 - 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. At the same time, various stress scenarios have been drawn up to add to the process for evaluating economic capital and its forecasts within the group.

The latter is mainly conducted within the scope of credit risk, sector concentration, unit concentration, market risk, operational risk, reputational risk and risks relating to insurance activities.

The difference between the economic capital and the regulatory capital (which will be supplemented by the counter-cyclical buffer from January 1, 2016) 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, 2014
CAPITAL REQUIREMENTS IN RESPECT OF CREDIT RISK	**12,953**
Standardized approach	**2,854**
Governments or central banks	**106**
Regional governments or local authorities	**80**
Public sector entities	**0**
Multilateral development banks	
International organizations	
Credit institutions	**55**
Corporate	**723**
Retail customers	**1,389**
Exposures secured by a mortgage on immovable property	**258**
Exposures in default	**141**
Exposures associated with particularly high risk	**24**
Exposures in the form of covered bonds	**4**
Items representing securitization positions	**14**
Exposures to institutions and corporates with a short-term credit assessment	
Exposures in the form of units or shares in collective investment undertakings (CIUs)	**0**
Equity exposures	**16**
Other	**44**
Internal ratings-based approach	**10,100**
Governments and central banks	
Credit institutions	**461**
Corporate	**4,418**
50%	**19**
70%	**227**
90%	**74**
115%	**53**
250%	**18**
0%	
Retail customers	
Small and medium-sized entities	**288**
Exposures secured by immovable property collateral	**1,091**
Renewable exposures	**62**
Other	**325**
Equities	
Private equity (190% weighting)	**233**
Significant financial sector holdings (250% weighting)	**263**
Listed equities (290% weighting)	**135**
Other equities (370% weighting)	**2,406**
Securitization positions	**34**
Other non credit-obligation assets	**380**
Counterparty default risk	**3**
CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	**315**
Position risk	**314**
Currency risk	
Settlement-delivery risk	**1**
Commodity risk	**0**
CAPITAL REQUIREMENTS IN RESPECT OF OPERATING RISK	**1,216**
Internal ratings-based approach (IRBA)	**941**
Standardized approach	**171**
Foundation approach	**104**
CAPITAL REQUIREMENTS IN RESPECT OF THE CVA	**63**
CAPITAL REQUIREMENTS IN RESPECT OF MAJOR RISKS	
TOTAL CAPITAL REQUIREMENTS	**14,548**

IV.4 - Credit and concentration risk

IV.4.1 - Exposure by category

Historically, Crédit Mutuel's priority has been to develop a customer base of private individuals. CIC, which was originally geared more toward the corporates market, has gradually gained strength in the personal banking segment. However, it continues to serve corporates.

The composition of the Group's portfolio clearly reflects these principles, as evidenced by the fact that the share of retail customers held steady at 47% at December 31, 2014.

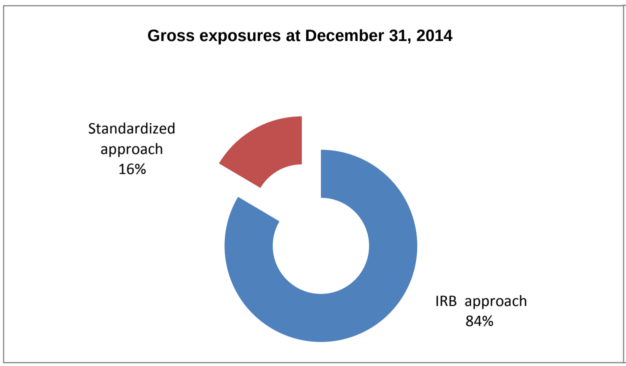
In € billions	Exposures at 12/31/2014			Exposures at 12/31/2013			Average
	IRB	Standardized	Total	IRB	Standardized	Total	exposures 2014
Governments and central banks		81.8	81.8		66.3	66.3	75.3
Credit institutions	42.4	8.7	51.1	29.3	8.1	37.5	53.3
Corporate	94.8	22.6	117.4	98.3	11.4	109.7	114.3
Retail customers	206.7	36.6	243.2	204.8	38.3	243.1	242.0
Equities	11.6	0.4	12.0	2.5	0.4	3.0	11.7
Securitization	3.6	0.2	3.9	3.8	0.3	4.1	3.6
Other non-credit obligation assets	5.0	0.6	5.5	4.7	0.5	5.3	5.5
TOTAL	**364.0**	**150.9**	**514.9**	**343.5**	**125.4**	**468.9**	**505.7**

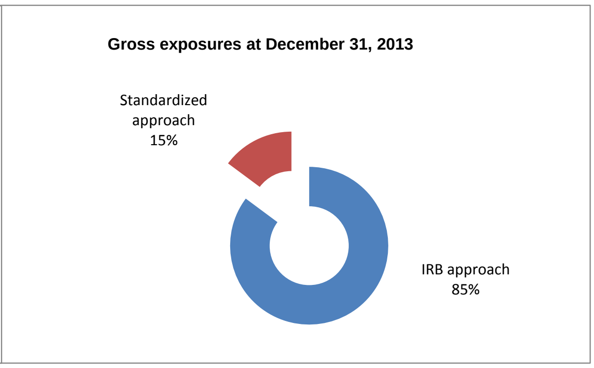
The Group has focused on the advanced forms of the Basel 2 accord, beginning with its core business, retail banking.

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, as from June 30, 2008, for the retail customer portfolio;
using the foundation approach, as from December 31, 2008, for the Banks portfolio;
using the advanced method, as from December 31, 2012, for the Corporate portfolio and the Banks portfolio.

In the case of the regulatory credit institution, corporate and retail customer portfolios, the group was authorized to use advanced internal methods in respect of 84% of the exposures at December 31, 2014.

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, 2014.





* Measured within the scope of credit institutions, corporates and retail customers, CM11 Group

IV.4.2 - Exposures by region

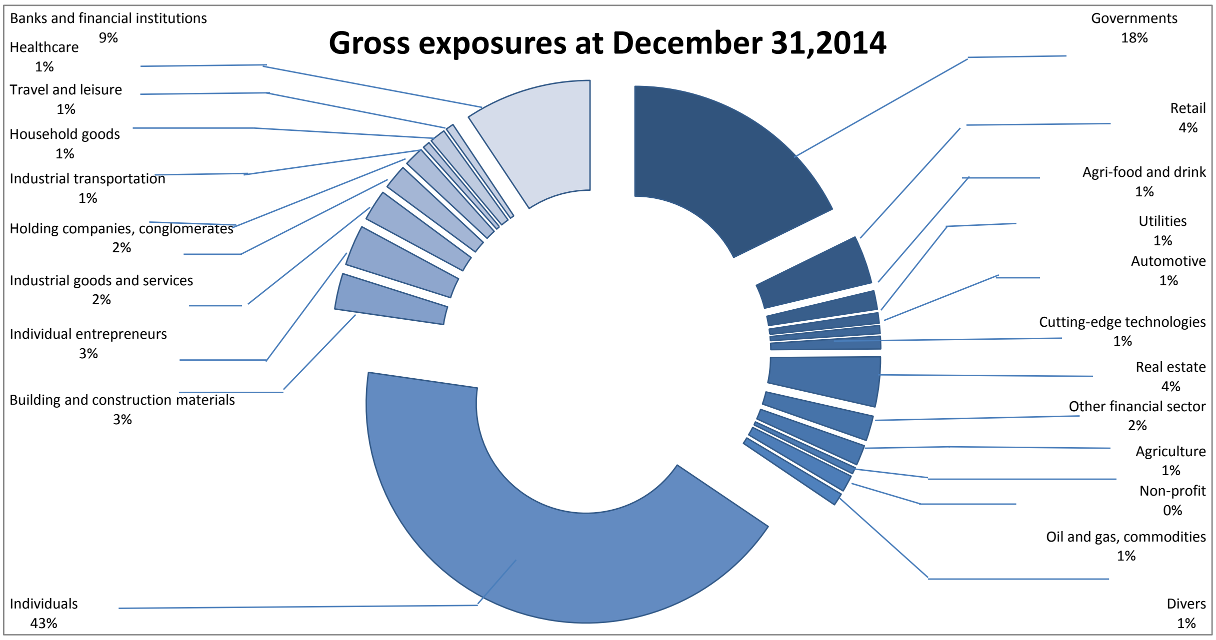
Breakdown of exposures by category and country of residence (as %) 2014					as %	
Exposure category	**France**	**Germany**	**Luxembourg**	**Other EEA member countries**	**Rest of the world**	**Total at Dec. 31, 2014**
Governments and central banks	14.6%	0.6%	0.4%	0.6%	0.9%	17.1%
Credit institutions	8.0%	0.5%	0.1%	0.8%	0.7%	10.0%
Corporate	17.6%	0.7%	0.6%	1.6%	1.7%	22.2%
Retail customers	45.1%	3.0%	0.1%	1.2%	1.3%	50.7%
TOTAL (%)	**85.3%**	**4.9%**	**1.2%**	**4.1%**	**4.5%**	**100%**

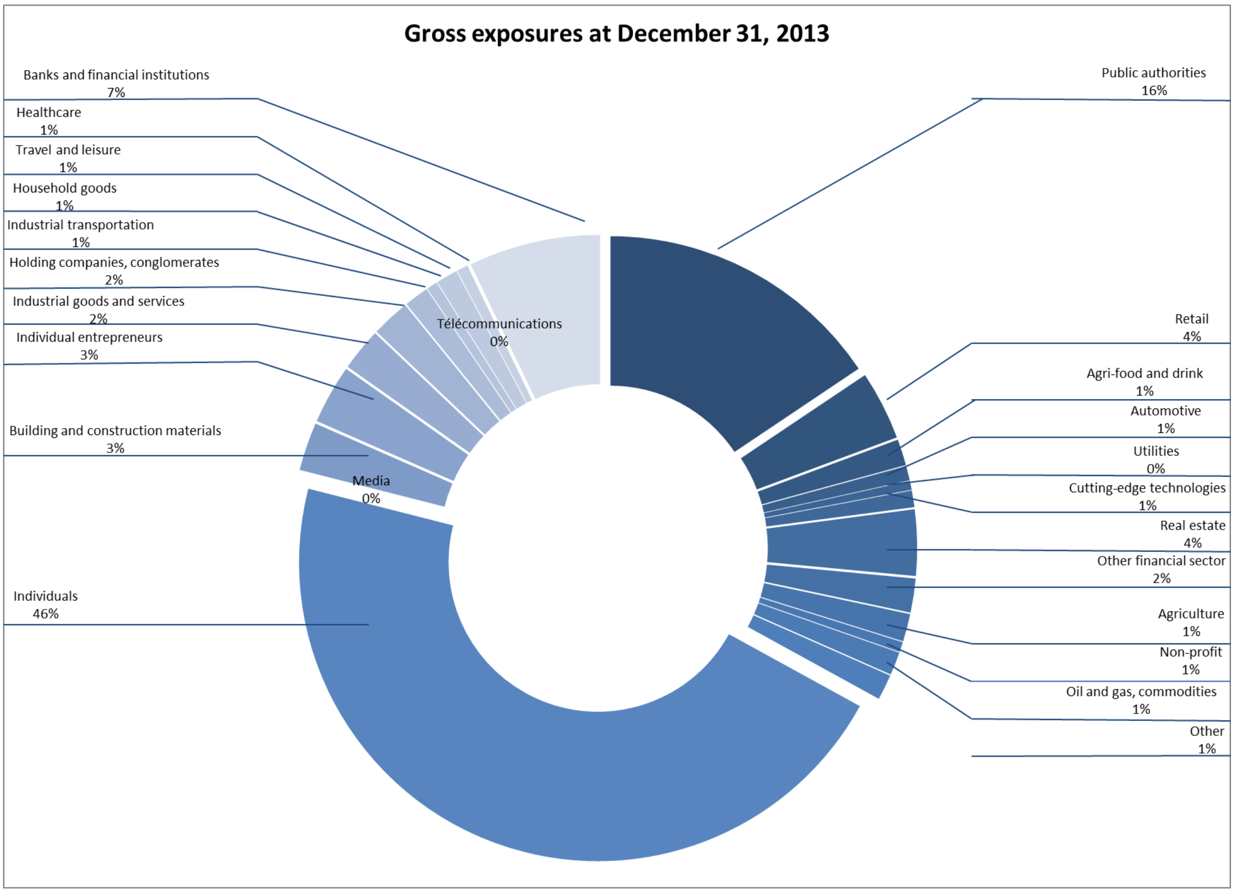
Exposure category	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total at Dec. 31, 2013
Governments and central banks	11.5%	0.6%	0.7%	0.9%	1.2%	14.9%
Credit institutions	5.4%	0.4%	0.1%	1.0%	0.8%	7.7%
Corporate	18.7%	0.8%	0.4%	1.5%	1.6%	23.0%
Retail customers	48.4%	3.5%	0.2%	1.3%	1.1%	54.5%
TOTAL (%)	**83.9%**	**5.3%**	**1.4%**	**4.7%**	**4.8%**	**100%**

The Crédit Mutuel group is primarily a French and European player. The geographic breakdown of gross exposures at December 31, 2014 reflects this as 95.5% of its commitments are in the European Economic Area.

IV.4.3 - Exposure by sector

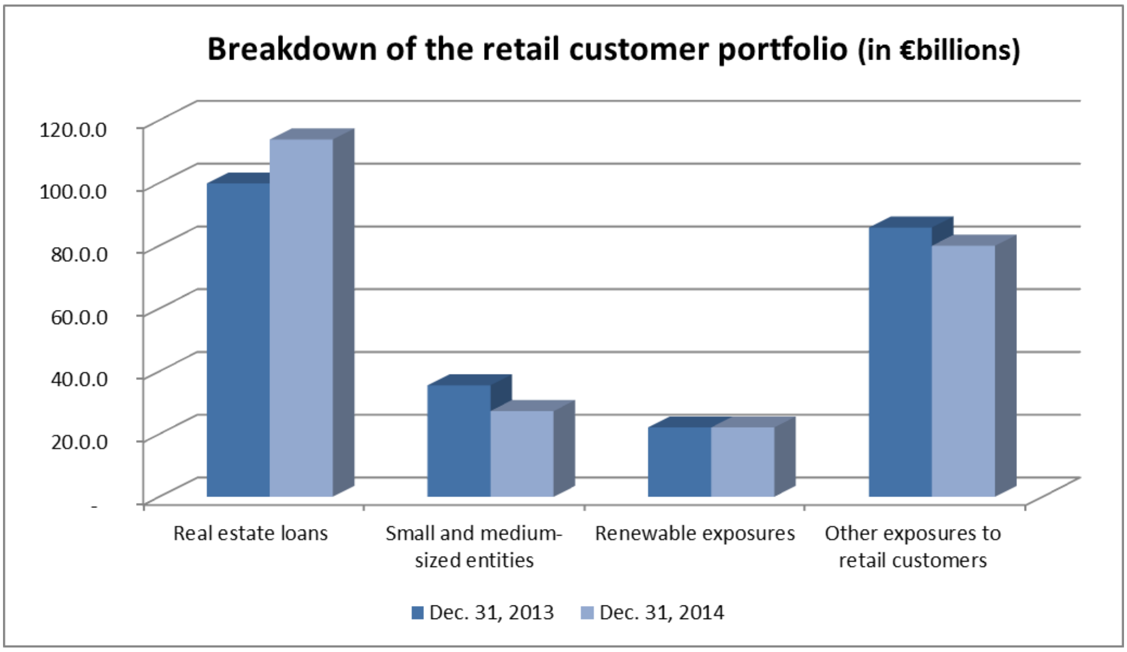
The sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.





IV.4.4 - Breakdown of the retail customer portfolio

Outstanding loans to retail customers totaled €243 billion at December 31, 2014, stable compared with 2013. The breakdown of this portfolio by regulatory sub-category is illustrated in the chart below.



IV.4.5 - Breakdown by residual maturity

Category of gross exposure	< 1 month	1 month <M< 3 month	3 month <M< 1 year	1 year <M< 2 year	2 year <M< 5 year	D > 5 ans	Perpetual	Total as of Dec. 31, 2014
BALANCE SHEET								
Governments and central banks	40,396	3,767	6,178	2,194	5,230	23,027	206	80,997
Credit institutions	4,644	5,882	2,332	18,933	7,280	5,623	1	44,694
Entreprises	16,227	4,723	5,485	7,323	15,828	17,165	0	66,751
Retail customers	15,068	4,999	15,847	23,924	49,426	110,098	0	219,362
BALANCE SHEET Total	76,335	19,370	29,842	52,375	77,764	155,913	206	411,805
OFF-BALANCE SHEET								
Governments and central banks	3	0	2	43	36	331	0	416
Credit institutions	1,157	117	340	288	289	55	597	2,844
Entreprises	6,614	549	5,143	7,236	13,364	2,261	5,298	40,465
Retail customers	11,629	1,223	1,850	3,013	690	4,349	1,078	23,832
OFF-BALANCE SHEET Total	19,403	1,889	7,334	10,580	14,380	6,995	6,974	67,556

In € millions

IV.4.6 - Adjustment for credit risk

The accounting definitions of past due and impaired loans, the description of the approaches and methods applied to determine adjustments for general and specific credit risk and the detail of provisions and reversals in 2014 are presented in the notes to the financial statements published in the group's annual report. The customer cost of risk was broadly stable over the period (the trend was identical according to the parameters used in the internal rating approach to measure expected losses).

The tables below break down outstanding non-performing and litigious loans and the corresponding provisions at December 31, 2014 according to their Basel methodological treatment. The group also has the means in its IT systems to identify restructured loans in its portfolios of performing and non-performing loans, defined using the principles set out by the EBA on October 23, 2013.

Breakdown of loans treated using the internal approach

In € billions	As of Dec. 31, 2014				
	Gross exposure	EAD	Defaulted EAD	Provisions as of Dec. 31, 2014	Provisions as of Dec. 31, 2013
Governments and central banks					
Credit institutions	42.4	41.1	0.0	0.0	0.0
Corporate	94.8	75.3	1.9	0.9	0.9
Retail customers	206.7	194.9	5.5	2.7	2.7
Exposures secured by real estate	109.9	108.9	2.5	0.8	0.6
Revolving	12.2	6.7	0.1	0.1	0.1
SME	25.4	22.8	1.9	1.2	1.3
Other	59.2	56.5	0.9	0.6	0.7
Equities	11.6	11.6	N/A	0.0	0.0
Securitization positions	3.6	3.6	N/A	0.0	0.3
Assets other than credit obligations	5.0	4.7	N/A	0.0	0.0

The provisions listed in this table correspond to provisions for non-performing loans (individual provisions). Information about collective provisions is provided in the annual report.

Breakdown of loans treated using the standard approach

In € billions	As of Dec. 31, 2014				
	Gross exposure	EAD	Defaulted EAD	Provisions as of Dec. 31, 2014	Provisions as of Dec. 31, 2013
Governments and central banks	81.8	81.6	0.0	0.0	0.0
Credit institutions	8.7	8.3	0.0	0.0	0.0
Corporate	22.6	12.1	0.4	0.2	0.2
Retail customers	36.6	28.5	1.2	4.1	4.3
Equities	0.4	0.4	N/A	0.0	0.0
Securitization positions	0.2	0.2	N/A	0.0	0.0
Assets other than credit obligations	0.6	0.6	N/A	0.0	0.0

The provisions listed in this table correspond to provisions for non-performing loans (individual provisions). Information about collective provisions is provided in the annual report.

IV.4.7 - Exposures in default by region

(Percentage breakdown at December 31, 2014 of gross exposures in default)

Exposure category	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total at Dec. 31, 2014
Governments and central banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit institutions	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Corporate	17.0%	0.1%	0.8%	0.2%	1.0%	19.1%
Retail customers	53.7%	21.3%	0.1%	5.1%	0.5%	80.8%
TOTAL (%)	**70.7%**	**21.4%**	**0.9%**	**5.4%**	**1.6%**	**100%**

IV.5 - Standardized approach

IV.5.1 - Exposures under the standardized approach

In € billions	As of Dec. 31, 2014	
Exposures under the standardized approach	**Gross exposure**	**EAD**
Governments and central banks	81.8	81.6
Credit institutions	8.7	8.3
Of which, local and regional authorities	5.2	5.0
Corporates	22.6	12.1
Retail customers	36.6	28.5
Equities	0.4	0.4
Securitization positions	0.2	0.2
Assets other than credit obligations	0.6	0.6
TOTAL	**150.9**	**131.6**

IV.5.2 - Use of external credit rating agencies)

The Group uses assessments by rating agencies 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.

In € billions	*Weighted at:*						
GROSS EXPOSURE	**0%**	**20%**	**50%**	**100%**	**150%**	**250%**	**Total as of Dec. 31, 2014**
Governments and central banks	81.2	0.0	0.0	0.0	0.0	0.5	**81.8**
Local and regional authorities		5.2	0.0	0.0	0.0		**5.2**

VALUE EXPOSED TO RISK BEFORE MITIGATION	**0%**	**20%**	**50%**	**100%**	**150%**	**250%**	**Total as of Dec. 31, 2014**
Governments and central banks	81.0	0.0	0.0	0.0	0.0	0.5	**81.6**
Local and regional authorities		4.9	0.0	0.0	0.0		**5.0**

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.

IV.6 - Rating system

IV.6.1 - Rating system description and control

A single rating system for the entire Crédit Mutuel 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 Crédit Mutuel 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. It 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.

Regarding expert grids, the system includes a complete annual review based on performance tests (analysis of rating concentrations, transition matrices and consistency with the external rating system), supplemented for key accounts and the equivalent by an interim review on a twice-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 and CCF 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.

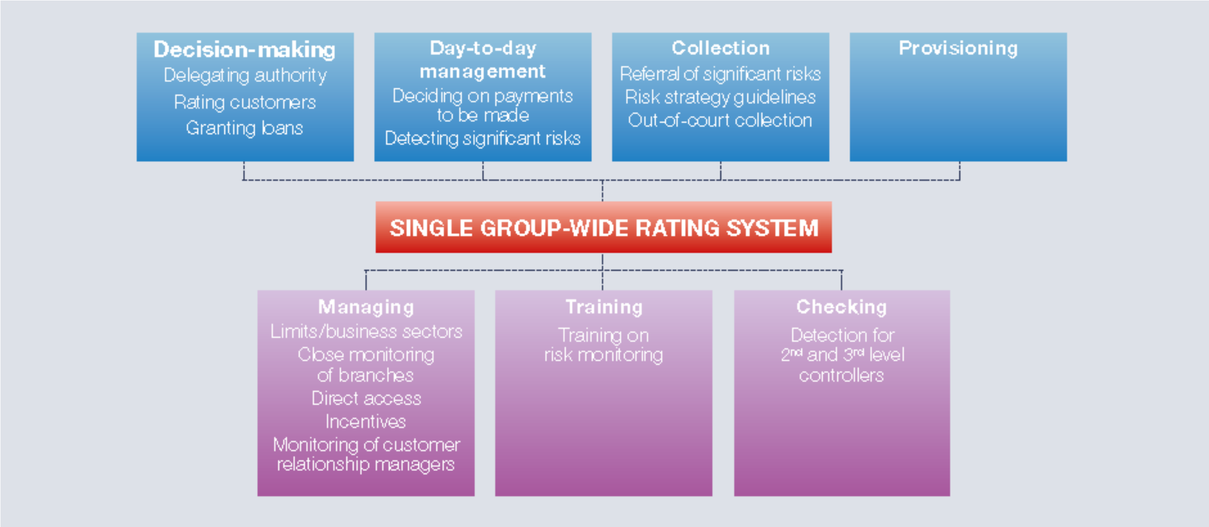
Internal rating system included within the scope of permanent and periodic control

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;
- 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 based on an advanced internal rating approach by category and internal rating (excluding defaulted exposures)

INSTITUTIONS AND COMPANIES

In € millions as of Dec. 31, 2014	Credit quality	Gross exposure	Of which, off-balance sheet	Exposure at Default EAD	Risk Weighed Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Credit institutions	1	4,662	3	4,662	440	9.45	0
	2	23,869	314	23,687	256	1.08	0
	3	10,173	1,204	9,455	2,908	30.75	0
	4	966	106	917	294	32.00	0
	5	973	335	867	487	56.18	0
	6	1,512	370	1,374	1,174	85.42	0
	7	141	93	103	122	118.67	0
	8	89	53	56	58	103.71	0
	9	29	8	23	22	95.44	0
Corporates - Large accounts	1	225	206	117	18	15.30	0
	2	848	616	551	101	18.28	0
	3	4,752	3,472	2,985	770	25.81	0
	4	8,495	6,436	5,075	1,686	33.22	0
	5	16,831	10,091	11,425	6,581	57.60	0
	6	8,675	5,238	5,826	5,166	88.67	0
	7	4,048	1,888	3,026	3,394	112.17	0
	8	4,040	1,470	3,166	4,849	153.16	0
	9	957	284	865	2,008	232.06	24
Corporates - Excl. large accounts	1	4,951	1,164	4,283	1,084	25.31	3
	2	9,803	1,610	8,975	2,589	28.84	8
	3	4,672	739	4,288	1,701	39.66	8
	4	5,710	851	5,261	2,488	47.29	17
	5	4,492	789	4,102	2,199	53.61	21
	6	4,197	617	3,926	2,929	74.62	36
	7	1,883	301	1,717	1,354	78.89	29
	8	980	98	931	898	96.44	27
	9	625	112	557	610	109.41	28
Corporates under the IRB slotting approach		6,577	887	6,318	4,894	77.45	47

INDIVIDUAL RETAIL CUSTOMERS

In € millions as of Dec. 31, 2014	Credit quality	Gross exposure	Of which, off-balance sheet	Exposure at Default EAD	Risk Weighed Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Exposures secured by real estate	1	4,911	105	4,851	68	1.4	0
	2	28,114	470	27,847	462	1.7	2
	3	16,357	259	16,210	666	4.1	3
	4	13,795	183	13,691	1,117	8.2	6
	5	7,131	92	7,080	1,063	15.0	8
	6	3,223	35	3,203	823	25.7	8
	7	2,414	101	2,356	854	36.2	11
	8	2,457	21	2,445	1,194	48.8	21
	9	1,299	9	1,294	886	68.5	36
Revolving	1	795	624	297	4	1.2	0
	2	3,710	2,523	1,697	22	1.3	0
	3	2,368	1,374	1,271	38	3.0	1
	4	2,014	1,047	1,179	76	6.4	2
	5	914	429	572	74	12.9	2
	6	850	372	553	120	21.6	4
	7	567	212	398	134	33.6	5
	8	338	95	262	138	52.7	7
	9	146	27	125	109	87.4	9
Other	1	5,131	590	4,915	89	1.8	0
	2	22,006	1,721	21,291	378	1.8	1
	3	9,907	1,044	9,492	447	4.7	2
	4	6,992	755	6,710	605	9.0	4
	5	3,245	408	3,096	467	15.1	5
	6	1,958	292	1,873	423	22.6	7
	7	2,313	994	1,818	388	21.4	18
	8	1,053	105	1,023	284	27.7	14
	9	485	34	475	206	43.3	20

RETAIL – OTHERS

In € millions as of Dec. 31, 2014	Credit quality	Gross exposure	Of which, off-balance sheet	Exposure at Default EAD	Risk Weighed Assets (RWA)	Risk Weight (RW) %	Expected Loss (EL)
Exposures secured by real estate	1	6,225	99	6,170	384	6.2	2
	2	7,820	130	7,749	794	10.2	6
	3	3,045	63	3,011	500	16.6	5
	4	3,310	87	3,262	848	26.0	10
	5	2,264	63	2,230	719	32.2	10
	6	1,919	44	1,895	791	41.7	14
	7	1,411	24	1,398	772	55.2	19
	8	794	11	788	498	63.1	17
	9	874	4	872	605	69.4	36
Revolving	1	115	74	56	2	3.1	0
	2	77	44	42	3	6.6	0
	3	32	17	18	2	11.9	0
	4	28	14	16	2	15.5	0
	5	18	9	11	3	22.4	0
	6	36	16	24	8	33.2	0
	7	17	7	11	5	47.2	0
	8	13	4	10	6	64.1	0
	9	11	3	9	8	90.2	1
SME	1	5,932	1,231	5,126	347	6.8	2
	2	4,652	840	4,121	457	11.1	5
	3	2,348	395	2,098	324	15.5	5
	4	2,772	494	2,465	442	17.9	10
	5	1,986	314	1,798	350	19.5	11
	6	2,228	391	1,994	428	21.5	23
	7	1,624	251	1,468	345	23.5	24
	8	1,079	135	996	294	29.5	29
	9	886	87	833	308	37.0	46
Other	1	1,837	120	1,772	103	5.8	1
	2	1,311	89	1,262	122	9.7	1
	3	469	38	447	65	14.6	1
	4	438	74	396	69	17.4	1
	5	366	74	326	66	20.3	1
	6	360	57	329	73	22.1	2
	7	168	15	160	41	25.4	2
	8	110	8	106	31	29.1	2
	9	111	6	108	43	40.0	5

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 - Credit risk mitigation techniques

IV.7.1 - 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 latter's exposure.
With credit institution counterparties, Crédit Mutuel supplements these agreements with collateralization agreements (CSA).
The operational management of these agreements is based on the TriOptima platform.
Regular margin calls significantly reduce the residual net credit risk on over-the-counter derivatives and repos.

IV.7.2 - 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.7.3 - 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 national level. Group entities are then responsible for operational management, monitoring valuations and calling guarantees.

IV.7.4 - 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.8 - Securitization

IV.8.1 - Objectives

In connection with its capital markets 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.8.2 - Control and monitoring procedures for capital markets 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. The CRR analyzes changes in the results of securitization strategies each day and explains them in relation to the risk factors. It monitors compliance with the limits defined in the set of rules.
The Group also observes 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 markets activities have an application for measuring the impact of various scenarios on the positions (notably changes in prepayments, defaults and recovery rates).

IV.8.3 - Credit risk hedging policies

The credit markets division 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.8.4 - 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.8.5 - 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.8.6 - Exposure by type of securitization

Securitization by category

Dec. 31, 2014				
EAD (in € millions)	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach
Investor				
Traditional securitization	235	3,586	1,167	
Synthetic securitization				913
Traditional resecuritization				
Synthetic resecuritization				
Sponsor		33		
Total	235	3,619	1,167	913

Detailed breakdown of outstandings by credit rating

Dec. 31, 2014				
EAD (in € millions)	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
Credit quality	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach
E1	66	2,628	1,110	
E2		521	34	
E3		89		
E4		209	14	
E5		38	2	
E6	61	8		
E7		89		
E8	45	28		
E9	23	4		
E10		6		
E11		-		
Positions weighted at 1,250%	39	-	7	
Total	235	3,619	1,167	913

Capital requirements

Capital requirement (in € millions)	**Banking portfolio**		**Trading portfolio**	**Correlation portfolio**
	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach
Total	14	34	15	14

Exposures using the Internal Ratings method weighted at 1.250% are deducted from capital.

IV.9 - Equities

In € billions	Value exposed to risk Dec. 31, 2014
Equities	**12.0**
Internal ratings-based approach	**11.6**
Private equity (190%)	1.5
Significant holdings in the financial sector (weighted at 250%)	1.3
Exposures to listed equities (290%)	0.6
Other equity exposures (370%)	8.1
Standardized approach	**0.4**
Of which, private equity (150%)	0.2
Equity investments deducted from capital	**-**
Total unrealized gains and losses included in capital	**-**

IV.10 - Trading desk counterparty risk

Counterparty risk concerns derivative instruments and repo transactions in the banking and trading portfolios, which are principally lodged in CM-CIC Marchés.
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, 2014 are principally measured using the IRB approach.

Counterparty risk	Value exposed to risk	
in € billions	Dec. 31, 2014	Dec. 31, 2013
Derivatives	5.3	4.5
Repurchase agreements *	0.4	0.3
Total	5.7	4.8

* for securities received under repurchase agreements, the value exposed to risk corresponds to the fully-adjusted value

IV.11 - Banking portfolio interest rate risk

Information relating to the assessment of capital requirements in terms of interest-rate risk on the banking portfolio is presented in the “Risk Management” section.

IV.12 - Market risks

These risks are calculated on the trading portfolio. In the 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.

The elements relating to the assessment of capital requirements in terms of market risk are presented in the "Risk Management" section.

In € millions

CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	Dec. 31, 2014	Dec. 31, 2013
- Specific interest-rate risk (excluding securitization and correlation portfolios)	62	58
- Specific interest-rate risk - securitization and correlation portfolios	29	43
- General interest-rate risk	123	85
- Equity risk	100	57
- Currency risk	-	-
- Commodity risk	0	0
TOTAL CAPITAL REQUIREMENTS	**314**	**243**

IV.13 - Operational risk

The elements relating to the structure and organization of the function responsible for the management 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.13.1 - 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 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 integrates the requirements of the decree of November 3, 2014 relating to internal control. 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.13.2 - 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 as of January 1, 2012;
- Banque de Luxembourg as of September 30, 2013;

- Cofidis France as of July 1, 2014.

IV.13.3 - Operational risk mitigation and hedging policy

Operational risk mitigation techniques include:
- preventive actions identified during the mapping process and implemented directly by operational staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans.

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.13.4 - 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 (expected loss);
- 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 323 of EU regulation 575/2013 of the European Parliament and Council of June 26, 2013 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.14 - Information about encumbered and unencumbered assets

Since December 31, 2014, and pursuant to article 100 of the CRR, the Crédit Mutuel group reports to the competent authorities the quantity of unencumbered assets at its disposal and their principal characteristics. These assets may serve as sureties to obtain other financing on the secondary markets or from the central bank, and hence constitute additional sources of liquidity.

An asset is considered to be "encumbered" if it serves as a guarantee, or can be used contractually, to secure, collateralize or enhance a transaction from which it cannot be separated. In contrast, an asset is "unencumbered" if it is free of any legal, regulatory, contractual or other limitations to its possible liquidation, sale, transmission or disposal.

For illustrative purposes, the following types of contracts satisfy the definition of encumbered assets:
- secured financial transactions, including repo contracts, securities lending and other forms of loans,
- collateralization agreements,
- collateralized financial guarantees,
- collateral placed in clearing systems, clearing houses and other institutions as a condition for accessing the service. This includes initial margins and funds against the risk of insolvency,

- facilities given to central banks. Assets already in position should not be considered encumbered, unless the central bank does not authorize the withdrawal of these assets without its prior agreement.
- assets underlying securitization entities when these assets have not been derecognized by the entity. Assets underlying retained securities should not be considered encumbered, unless these securities are used to pledge or guarantee a transaction in some way.
- baskets of sureties put together to issue secured bonds. These assets are recognized as encumbered assets except in certain situations where the entity holds these secured bonds (self-issued bonds).

Assets placed in financing mechanisms that are unused and can easily be withdrawn are not considered to be encumbered.

At December 31, 2014, the amount and characteristics of encumbered and unencumbered bonds for the CM11 Group broke down as follows:

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Assets of the disclosing institution	87,735,259		387,953,903	
Capital instruments	77,432	75,655	4,314,399	4,314,399
Debt securities	10,008,765	10,249,726	52,149,994	52,218,119
Other assets	6,751,183		39,872,118	

Excerpt taken from the declaration and in accordance with the decree of December 19, 2014 regarding the publication of information relating to encumbered assets

	Fair value of the encumbered guarantee received or of encumbered own debt securities issued	Fair value of the guarantee received or of own debt securities issued available for pledging
Guarantees received by the institution concerned	12,924,278	9,539,557
Capital instruments	1,493,832	340,989
Debt securities	11,430,446	5,777,954
Other guarantees received	0	3,420,614
Own debt securities issued, other than own guaranteed bonds or own securities backed by assets	0	0

	Associated liabilities, contingent liabilities or securities loaned	Assets, guarantees received and own debt securities issued other than guaranteed bonds and securities backed by encumbered assets
Carrying amount of the financial liabilities selected	**82,396,657**	**100,309,994**

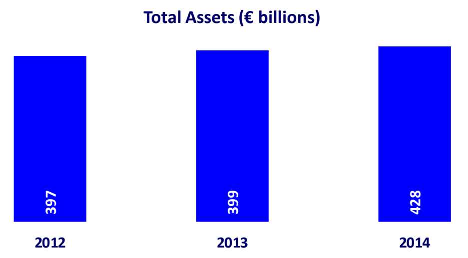
V. FINANCIAL INFORMATION ABOUT BFCM GROUP

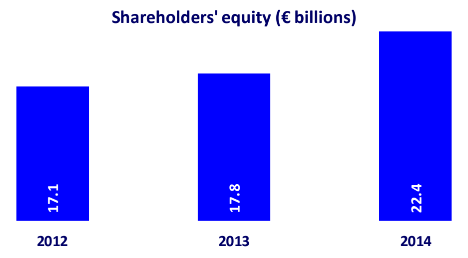
V.1 - BFCM Group's key figures

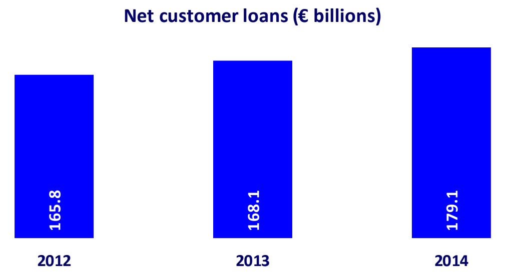
The 2013 figures have been restated pursuant to IFRS 10/11

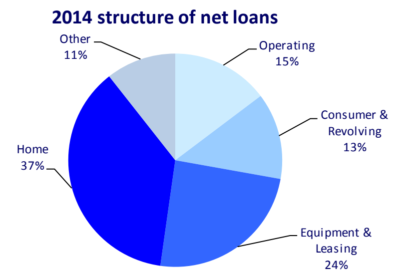
€ millions	2014	2013	2012
Net banking income	**8,456**	8,358	8,159
Operating income	**2,458**	2,269	2,057
Net income	**1,701**	1,484	1,200
Net income attributable to the Group	**1,384**	1,211	930
Cost-to-income ratio[1]	**62%**	62%	63%

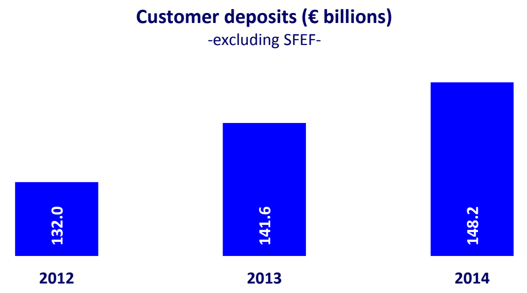
(1) Ratio of overheads to net banking income

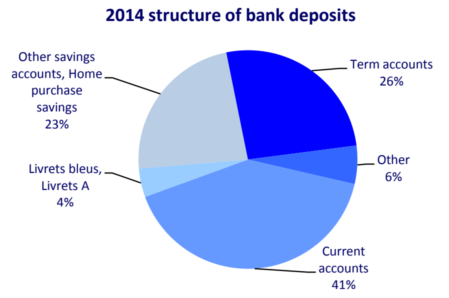


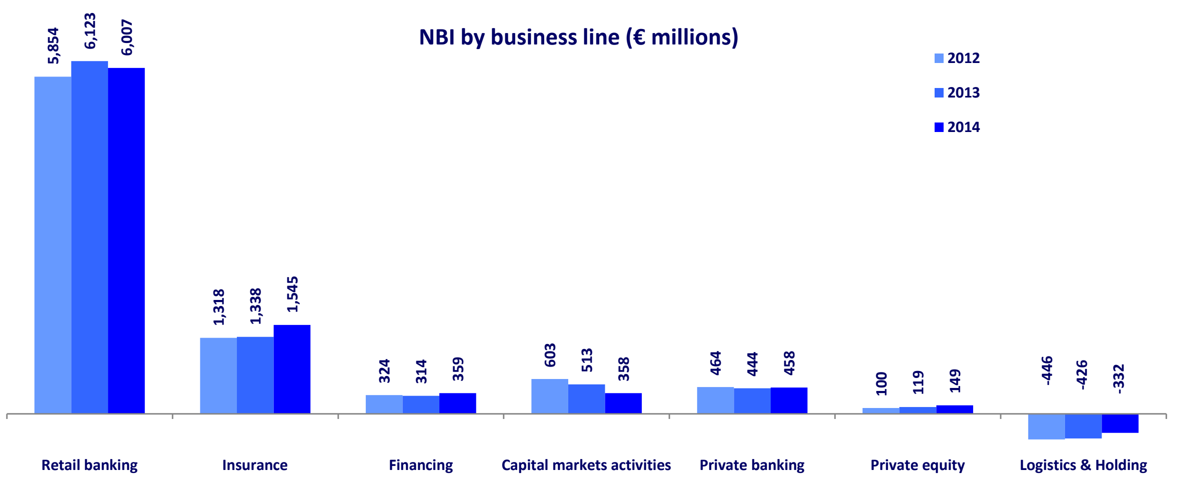












V.2 - BFCM Group Management Report

V.2.1 – Financial review, key financial points relating to the consolidated financial statements, BFCM group activity and results

V.2.1.1 – Financial review of 2014

A pivotal year

After the economic rally buoyed the confidence of private sector participants in the main developed countries in 2013, the situation in 2014 was marked by divergent paths for exiting the crisis in the respective countries. In the second half, plummeting oil prices nevertheless reshuffled the deck. By dragging down inflation forecasts, the decline in energy costs prompted the U.S. and U.K. central banks to gradually adopt a more conservative stance and postpone expectations of an initial interest rate hike in those two countries. In the euro zone, growth was disappointing, which further strengthened expectations of renewed monetary easing by the European Central Bank (ECB). These changes caused sovereign debt yields in the low risk countries to fall throughout the year. Meanwhile, certain emerging countries were able to halt the rise in their benchmark rates and thereby breathe some life into their economies.

Europe: a disappointing recovery

In the euro zone, 2014 was marked by successive disappointments for economic growth, starting with a sharp drop in inflation (-0.2% in December). As a result, the ECB was particularly proactive and adopted a series of measures (benchmark rate cuts, asset purchase programs (asset backed securities and covered bonds), and the so-called Targeted Long Term Refinancing Operations). The central bank also conducted an in-depth review of bank assets designed to give banks more leeway and thereby stimulate lending. However, these measures did not have a notable impact on the real economy. This fact combined with the impact of falling oil prices on inflation increased the likelihood of significant new measures in early 2015, especially since political stability remained fragile in certain countries, notably Greece following the failure to elect a new president. Meanwhile, the European Commission adopted a more flexible approach to budget policy, emphasizing the possibility of easing the deficit targets in exchange for public investment and structural reforms.

This change in tack has significant implications for France, which had been reprimanded several times by the European Commission. In response, French officials promised several types of reforms, notably a law on growth promoted by the Minister of the Economy Emmanuel Macron. The French government also pledged to reduce the tax burden on companies as part of the “Responsibility Pact” and promised the equivalent of €50 billion in budget cuts between 2015 and 2017.

United States, United Kingdom: the gap widens

In the United States, particularly severe weather conditions weighed on growth at the start of the year. Favorable data, notably with respect to employment, subsequently provided reassurance regarding the strength of the recovery. The economy’s resilience enabled the Fed (U.S. central bank) to end its monthly asset purchases. The risks weighing on the recovery along with the sudden drop in oil prices nevertheless prompted the Fed to continue its very accommodating monetary policy. The drop in prices will provide households with additional purchasing power while allowing the central bank to postpone the start of benchmark rate hikes. The economic trend was also very favorable in the United Kingdom, although signs of fragility were confirmed, with excessive reliance on the real estate sector. The Bank of England (BoE) therefore delayed any action, taking advantage of the leeway provided by the impact of falling oil prices on inflation.

Japan: the battle has not been won

In Japan, the negative impact of the April 2014 increase in VAT (from 5% to 8%) led to a technical recession. In that environment, the Bank of Japan (BoJ) initiated another round of massive quantitative easing in October, helping the Japanese yen to fall to all-time lows. Meanwhile, Prime Minister Shinzo Abe chose to postpone the second round of tax increases initially scheduled for October 2015 and to hold early elections, which he won on December 14. But his structural reforms have not yet had the desired effect and are insufficient to avoid further central bank measures in the months ahead.

Emerging countries: a breather for those implementing reforms
The Fed's prudence provided a breather for emerging countries by slowing the rate of financial outflows toward the developed countries. This respite was appropriately used by several of them to implement structural reforms, notably in India and China. These countries remain very vulnerable, however, especially oil producers hard hit by the drop in oil prices. In Russia the situation was further worsened by Western sanctions and government defiance, which led to major capital flight and a steep fall in the ruble (losing nearly half its value during the year).

V.2.1.2 - key financial points relating to the consolidated financial statements of BFCM

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 adopted by the European Union as of December 31, 2014. These standards include IAS 1-41, IFRS 1-8 and IFRS 10-12, and any SIC and IFRIC interpretations adopted as of that date. Standards not adopted by the European Union have not been applied.

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 financial statements are presented in accordance with the format recommended in Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS financial statements. They are prepared in accordance with International Accounting Standards as adopted by the European Union.

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

Standards and interpretations adopted since January 1, 2014:

- IFRS 10, 11, 12, and IAS 28R concerning consolidation, which include the following changes:
  - ✓ a model according to which an entity's consolidation is based is based solely on the concept of control, with a single definition of control applicable to each type of entity ("standard" or "ad hoc");
  - ✓ an application guide for situations in which control is more difficult to assess, including precision on the distinction between substantive and protection rights, and on the analysis of agent relations versus principal;
  - ✓ suppression of the proportionate consolidation method for jointly controlled entities, which are now accounted for using the equity method,
  - ✓ new disclosures on determining the scope of consolidation as well as on the risks associated with interests in other entities (subsidiaries, jointly controlled entities, associated entities, non-consolidated structured entities).
- amendments of:
  - ✓ IAS 32 aimed at clarifying the conditions in which the criteria for offsetting of financial assets and financial liabilities are applied;
  - ✓ IAS 39 on the novation of derivatives. This amendment allows, by way of exception, hedge accounting where a derivative, which has been categorized as a hedging instrument, is transferred by novation from one counterparty to another central counterparty as a result of legislative or regulatory provisions;
  - ✓ IAS 36 aimed at clarifying the scope of application of disclosures on the recoverable amounts of non-financial assets.

These amendments had no material impact on the Group accounts.

Standards and interpretations adopted by the European Union and not yet applied because of the effective date:

- IFRIC 21 on levies. The application date will be January 1, 2015, and the expected impact is limited.

- **Impacts of first adoption of IFRS 10**

The first adoption of IFRS 10 had no impact on the Group financial statements as of December 31, 2014. Indeed, the analyses undertaken together with the application of IFRS 10 helped to categorize, in particular, the UCITS shown in the assets of insurance companies. Because the impact of the consolidation of the entities categorized was deemed not significant at Group level, these entities were not included in the scope of consolidation.

- **Impacts of first adoption of IFRS 11**

Pursuant to IFRS 11, restated financial statements were prepared because of the change in the consolidation method for jointly controlled entities. TARGOBANK Spain and Banque CASINO, 50% owned by the Group and previously consolidated proportionally, are now consolidated using the equity method.

in € millions	Dec. 31, 2013 published	Impact of IFRS 11	Dec. 31, 2013 restated
Assets			
Cash and amounts due from central banks	14,778	-8	14,770
Financial assets at fair value through profit or loss	41,303	0	41,302
Hedging derivative instruments	3,770	0	3,770
Available-for-sale financial assets	79,133	-55	79,078
Loans and receivables due from credit institutions	55,300	277	55,577
Loans and receivables due from customers	169,568	-1,410	168,159
Remeasurement adjustment on interest-risk hedged investments	562	1	563
Held-to-maturity financial assets	10,159	0	10,159
Current tax assets	710	-1	709
Deferred tax assets	770	-16	754
Accruals and other assets	12,892	-32	12,860
Non-current assets held for sale	4	-4	0
Deferred profit	0	0	0
Investments in associates	2,196	413	2,609
Investment property	1,587	0	1,587
Property and equipment	1,869	-8	1,861
Intangible assets	941	-2	939
Goodwill	4,182	-209	3,973
Total Assets	**399,725**	**-1,055**	**398,670**
Liabilities and shareholders' equity			
Central banks	460	0	460
Financial liabilities at fair value through profit or loss	30,408	-54	30,354
Hedging derivative instruments	3,814	0	3,814
Due to credit institutions	19,880	-153	19,727
Due to customers	145,217	-825	144,392
Debt securities	97,957	0	97,957
Remeasurement adjustment on interest-risk hedged investments	-1,252	1	-1,251
Current tax liabilities	336	-6	330
Deferred tax liabilities	851	0	851
Accruals and other liabilities	9,554	-16	9,538
Liabilities associated with assets held for sale	0	0	0
Technical reserves of insurance companies	66,256	0	66,256
Provisions	1,547	-1	1,546
Subordinated debt	6,911	0	6,911
Shareholders' equity	**17,785**	**0**	**17,785**
Shareholders’ equity attributable to the Group	**14,300**	**0**	**14,300**
Subscribed capital and issue premiums	2,088	0	2,088
Consolidated reserves	10,462	0	10,462
Gains and losses recognized directly in equity	538	0	538
Net income for the year	1,211	0	1,211
Shareholders' equity attributable to minority interests	**3,486**	**0**	**3,486**
Total Liabilities and shareholders' equity	**399,725**	**-1,055**	**398,670**
Income statement			
Interest income	13,501	-79	13,422
Interest expense	-9,261	22	-9,239
Fee and commission income	2,865	-35	2,830
Fee and commission expense	-780	4	-776
Net gain (loss) on financial instruments at fair value through profit or loss	-145	-2	-147
Net gain (loss) on available-for-sale financial assets	342	-0	342
Income from other activities	12,581	0	12,581
Expenses on other activities	-10,656	1	-10,655
Net banking income	**8,445**	**-87**	**8,358**
Operating expenses	-4,918	51	-4,867
Depreciation, amortization and impairment of non-current assets	-280	2	-278
Gross operating income	**3,247**	**-34**	**3,213**
Net additions to/reversals from provisions for loan losses	-965	22	-943
Operating income	**2,282**	**-13**	**2,269**
Share of net income (loss) of associates	13	9	22
Gains (losses) on other assets	5	-2	3
Net income before tax	**2,300**	**-5**	**2,295**
Corporate income tax	-816	5	-811
Net income	1,484	0	1,484
Net income attributable to minority interests	273	0	273
Net income attributable to the Group	**1,211**	**0**	**1,211**

V.2.1.2.1 – Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IFRS 10, IFRS 11 and IAS28R. The consolidation scope comprises:

- Controlled entities : control is considered to be exercised when the Group holds power over the entity, is exposed or is entitled to variable returns because of its links with the entity, and can exercise its power over the entity to influence its returns. 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 providing for joint control of an entity, which exists only if the decisions concerning the entity's key activities require unanimous agreement of the parties sharing the control. Two or more parties exercising joint control constitute a partnership, which is either a jointly controlled operation/asset or a jointly controlled entity:

- a jointly controlled operation/asset is a partnership where the parties that exercise joint control have rights to and obligations for the underlying assets and liabilities: the assets, liabilities, revenues and expenses are accounted for proportionally to the interest held in the entity;
- a jointly controlled entity is a partnership where the parties that exercise joint control have rights to the entity's net assets: jointly controlled entities are accounted for using the equity method.

All the entities under the joint control of the Group are jointly controlled entities within the meaning of IFRS 11.

- 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.

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.2.1.2.2 - Changes in the consolidation scope

The changes in the consolidation scope for the year ended December 31, 2014 were as follows:

- Additions: VN-retail GmbH, CM-CIC Capital and investments in associates.

- Merger/absorption: VN-retail GmbH with Targobank AG, Carmen Holding Investissement with BFCM, L'alsace with SAP Alsace (formerly SFEJIC), SOFIM with CIC Nord Ouest.

- Removals: Serficom Family Office Inc, Agefor SA Genève, Banca Popolare di Milano, Pasche Bank & Trust Ltd, Banque Pasche (Liechtenstein) AG, CMCIC Securities London Branch, Lafayette CLO 1 Ltd, Saint-Pierre SNC, Calypso Management Company, LRM Advisory SA, Monabanq Belgique, Cofidis Argentine, Agence générale d'informations régionales.
Following the disposal of Banca Popolare di Milano (the impacts of which are shown in Note 14), the companies holding only this entity's shares were deconsolidated as of June 30, 2014. These companies are: CIC Migrations, Cicor, Cicoval, Efsa, Gestunion 2, Gestunion 3, Gestunion 4, Impex Finance,

Marsovalor, Pargestion 2, Pargestion 4, Placinvest, Sofiholding 2, Sofiholding 3, Sofiholding 4, Sofinaction, Ufigestion 2, Ugépar Service, Valimar 2, Valimar 4, VTP 1, VTP 5.

- ***Change of name:*** SFEJIC became SAP Alsace, BCMI became Fivory.

V.2.1.3 – BFCM group activity and results

V.2.1.3.1 – Analysis of the consolidated statement of financial position

The total IFRS consolidated balance sheet of the BFCM Group was €428.2 billion euros in 2014 against €398.7 billion in 2013 (+ 7.4%).

Financial liabilities at fair value through profit amounted to €16.4 billion in 2014, against 30.4 billion in 2013. It is essentially derivatives and other financial liabilities, transaction and debt to credit institutions measured at fair value through income. The sharp reduction is due to lower interbank debts.

Other liabilities to credit institutions amounted to €35.3 billion euros against 19.7 billion in 2013 (+ 79.2%). This increase results of repo operations.

Emissions of securities other than those measured at fair value through profit amounted to €105.2 billion euros in total against 98.0 billion in 2013 (+ 7.4%). The bonds represent the main, with assets of € 53.2 billion, followed by interbank securities and negotiable debt securities (€50.5 billion). The balance of the item consists of cash vouchers and various titles.

The item "Due to customers" in liabilities consists of customer deposits in the form of savings accounts, including related receivables. These deposits increased by 2.6% to €148 billion in 2014. The contribution of CIC entities alone represents 82% of this total,€121.6 billion, while TARGOBANK Germany contributes 7.8% (€11.6 billion) and Cofidis Group for €0.5 billion.

Technical provisions for insurance contracts, representative of commitments to policyholders, amounted to €73.3 billion (+ 10.6%), including 64.4 billion consist of customer savings placed on product "Life" and €6.2 billion on products "Units of Account."

Minority interest liabilities, €3.7 billion end 2014, mainly concern the other Crédit Mutuel groups involved in the GACM, external shareholders in CIC and external shareholders Cofidis Group.

On the asset side, investments in the interbank market rose by 10.8% between 2013 and 2014 to €61.6 billion.

The total outstanding customer loans password from €168.2 to €179.1 billion (+ 6.5%) in 2014. Credits are granted to almost 82% through CIC entities (€146.6 billion). Outstanding TARGOBANK Germany contribute about 6.2% of the total outstanding (€11.0 billion) followed by the CMSB (€10.7 billion) and the Cofidis group (€9.0 billion).

Financial instruments measured at fair value through profit amounted to €29.2 billion euros against 41.3 billion last year. This decrease results repo operations. Indeed, this strong decline can be explained by the decision, in 2014, their accounting classification fair value on option. New operations were classified loans / borrowings and income and expenses on pensions are recognized as interest accrues and no longer "mark to market" to better reflect the economic reality of the short maturity of funding operations

Goodwill capitalized (€3.9 billion in total) essentially result from the acquisition of Germany in December 2008 TARGOBANK securities (€2.8 billion), the acquisition of shares in the Cofidis Group €0.4 billion in early March 2009, CIC securities (€506 million residual goodwill).

V.2.1.3.2 – Analysis of the consolidated income statement

Net banking income

BFCM Group net banking income grew from €8,358 million in 2013 to €8,456 million in 2014, an increase of 1.2%. The main reasons underlying this change in BFCM Group net banking income between 2013 and 2014 are detailed below and result from factors identical to those that affected CM11 Group:

- A 10.4% fall in net interest income to €3,749 million in 2014 (€4,183 million in 2013) because of the German court ruling requiring banks to pay back, with retroactive effect of 10 years, origination fees, which had an adverse effect on Targobank Germany's net interest income.
- A 1.5% rise in net fee and commission income, which increased from €2,054 million in 2013 to €2,084 million in 2014, mainly thanks to retail banking. Fee and commission income increased following the rise in loan fees and commissions collected at Targobank Germany, financial fees and commissions collected on stock market transactions and insurance fees and commissions.
- An improvement in net gain (loss) on financial instruments at fair value, with a net gain of €436 million in 2014, compared with a net loss of €147 million in 2013.
- A fall in gains on disposals of available-for-sale financial assets, with gains of €146 million in 2014, compared with €342 million in 2013.
- A 6% rise in net income from other activities (net of expenses on other activities), amounting to €2,041 million in 2014, compared with €1,926 million in 2013.

Retail banking accounted for the greatest proportion of BFCM Group's earnings, followed by insurance and financing & capital market activities. The table below shows the breakdown of net banking income by activity. A breakdown of net banking income and other income statement items by activity is shown under the heading "—Results by activity".

	Year ended December 31		
(€ millions)	**2014**	**2013***	**Change (2014/ 2013)**
Retail banking	6,007	6,123	-1.9%
Insurance	1,545	1,338	+15.5%
Financing and capital markets	717	826	-13.1%
Private banking	458	444	+3.1%
Private equity	149	119	+24.8%
Logistics and holding company services	(332)	(426)	-22.1%
Interactivity services	(88)	(66)	+33.3%
Total	**8,456**	**8,358**	**+1.2%**

** Restated figures pursuant to IFRS 10/11*

BFCM Group net banking income from retailing banking fell by 1.9% compared with 2013, a fall similar to that in CM11-CIC Group net banking income from retail banking.

In general, BFCM Group net banking income from other activities is similar to that of CM11 Group's (see breakdown above), aside from logistics and holding company services activities (for reasons given under the heading "—Presentation of figures shown in this chapter").

France accounted for 74% of BFCM Group net banking income, excluding logistics and holding activities, in 2014 (72% in 2013). The table below shows the breakdown of Group net banking income by geographic zone for financial years 2013 and 2014.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**Change (2014/ 2013)**
France	6,405	6,258	+2.3%
Europe, excluding France	1,855	1,919	-3.3%
Rest of the world	196	181	+8.3%
Total	**8,456**	**8,358**	**+1.2%**

Pursuant to article 7 of Law 2013-672 of July 26, 2013 of the Monetary and Financial Code, amending article L. 511-45, which requires credit institutions to publish information on their sites and the operations conducted in each state or territory, the table below details CM11 Group activity in the various countries where the group has a site.
The countries of each site are shown in the scope of consolidation. 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 January 17, 2014.

Country	Net banking income	Profit/loss before tax	Current tax	Deferred tax	Other taxes	Number of employees	Government subsidies
Germany	937	30	-4	6	-57	6,960	0
Bahamas	0	0	0	0	0	9	0
Belgium	130	41	-7	3	-8	543	0
Brazil	1	0	0	0	0	2	0
Spain	235	105	-25	2	-8	1,284	0
United States	128	169	-9	-29	-4	84	0
France	6,402	3,081	-678	-37	-957	28,183	0
Hungary	17	2	0	0	-1	153	0
Cayman Islands	1	1	0	0	0	0	0
Italy	26	-11	0	0	0	138	0
Liechtenstein	0	0	0	0	0	13	0
Luxembourg	263	119	-18	-2	-16	775	0
Morocco	0	-33	0	0	0	0	0
Monaco	2	1	0	0	0	9	0
Portugal	109	53	-15	0	-3	399	0
Czech Republic	8	-1	0	0	-1	152	0
UK	42	38	-9	1	-2	49	0
Saint Martin	2	0	0	0	0	7	0
Singapore	66	20	-2	0	-2	214	0
Slovakia	0	-1	0	0	0	2	0
Switzerland	87	3	-1	0	-12	350	0
Tunisia	0	15	0	0	0	0	0
Total	**8,456**	**3,632**	**-768**	**-56**	**-1,071**	**39,326**	**0**

Operating income before provisions

BFCM Group gross operating income totaled €3,206 million in 2014, compared with €3,213 million in 2013, a slight decrease of 0.2%. Operating expenses (including amortization, depreciation and provisions) increased by 2% to €5,249 million in 2014, compared with €5,145 million in 2013. BFCM Group cost-to-income ratio deteriorated to 62.1% in 2014, compared with 61.6% in 2013.

Retailing banking gross operating income was €2,238 million in 2014, compared with €2,423 million in 2013, a decrease of 7.6%. Retail banking cost-to-income ratio stood at 62.7% in 2014, compared with 60.4% in 2013.

Net additions to/reversals from provisions for loan losses

Cost of risk (net additions to/reversals of provisions for loan losses) fell significantly to €748 million in 2014, compared with €943 million in 2013. As for CM11 Group, the CIC network, Cofidis and capital markets activities accounted for this improvement.

Operating income

BFCM Group operating income totaled €2,458 million in 2014, compared with €2,269 million in 2013, i.e. an increase of 8.3%, which reflects the marked improvement in the cost of risk.

Net income (loss)

Net income attributable to BFCM Group was €1,384 million in 2014, compared with €1,211 million in 2013, i.e. an increase of 14.3%.

Transactions with CM11-CIC Group entities

In 2014, €720 million of BFCM Group's gross operating income was from transactions undertaken with CM11 Group entities not part of BFCM Group (mainly the Local Banks and the CF de CM).

Net interest income from these transactions amounted to €898 million in 2014, compared with €890 million in 2013. As of December 31, 2014, outstanding loans to CM11 Group entities not part of

BFCM Group totaled €38.6 billion (€36.7 billion as of December 31, 2013). Net fee and commission income was €125 million in 2014 (€191 million in 2013).

Net expenses on other activities recognized by these entities were €13 million in 2014, compared with net income of €54 million in 2013.

V.2.1.3.3 – Breakdown by business segments

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.2.1.3.3.1 – Retail banking

Retail banking continued to improve the quality of its network which has 2,523 branches in 2014. It shows an increase in outstanding loans to customers of €2.7 billion for a total outstanding of €149.3 billion (+ 1.9%). Deposits amounted to €116.3 billion (+ 4.5%).

	Year ended December 31		
(€ millions)	**2014**	**2013***	**% change (2014/ 2013)**
Net banking income	6,007	6,123	-1.9 %
Operating expenses	(3,768)	(3,701)	+1,.8 %
Gross operating income	2,238	2,423	-7.6 %
Cost of risk	(775)	(862)	-10.1 %
Gains (losses) on other assets	62	56	+11.0 %
Income before tax	1,525	1,616	-5.7 %
Corporate income tax	(519)	(526)	-1.4 %
Net income	1,006	1,090	-7.7 %

**Figures restated for IFRS 10/11*

Net banking income from retail banking amounted to €6,007 million euro against 6,123 million in 2013. Overhead costs are mastered to €3,768 million. The cost of risk improved by €87 million to €775 million. It shows a profit before tax of €1,525 million against 1,616 millions.

V.2.1.3.3.2 – Insurance

The insurance business is evolving favorably with an increase of 2.4% in the number of contracts (25.5 million) and a 6.0% increase in revenue to €10.3 billion.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	1,545	1,338	+15.5%
Operating expenses	(407)	(391)	+4.1%
Gross operating income	1,138	946	+20.2%
Cost of risk	-	-	-
Gains (losses) on other assets	(56)	(28)	Ns
Income before tax	1,082	918	+17.8%
Corporate income tax	(422)	(343)	+22.8%
Net income	660	575	+14.9%

Net insurance income amounted to €1,545 million against 1,338 million in 2013. Operating expenses rose by 4.1% to €407 million. Profit before tax amounted to €1,082 million (+ 17.8%)

V.2.1.3.3.3 – Financing activities

This business manages €11.5 billion in loans (-3.8%) and €7.7 billion of deposits (-12.2%).

(€ millions)	Year ended December 31 2014	2013	% change (2014/ 2013)
Net banking income	359	314	+14.5 %
Operating expenses	(92)	(89)	+3.0 %
Gross operating income	267	225	+19.1 %
Cost of risk	(50)	(37)	+34.9 %
Gains (losses) on other assets	-	-	-
Income before tax	217	187	+15.9 %
Corporate income tax	(66)	(64)	+3.5 %
Net income	151	124	+22.4 %

Net banking income amounted to €359 million (314 million in 2013). The cost of risk rose from €13 million to €50 million at end 2014. Profit before tax increased by 15.9% to €217 million.

V.2.1.3.3.4 – Capital market activities

(€ millions)	Year ended December 31 2014	2013	% change (2014/ 2013)
Net banking income	358	513	-30.1 %
Operating expenses	(193)	(184)	+5.3 %
Gross operating income	165	329	-49.8 %
Cost of risk	79	(7)	ns
Gains (losses) on other assets	-	-	-
Income before tax	244	322	-24.2 %
Corporate income tax	(58)	(118)	-51.0 %
Net income	186	204	-8.7 %

On 31 December 2014, the net banking income is €358 million (€513 million in 2013). The cost of risk is improved and a net recovery of €79 million against an expense of €7 million in 2013. Income before tax evolves from €322 million end of 2013 to €244 million euros at the end of 2014.

V.2.1.3.3.5 – Private banking

Deposits managed by this business totaled €16.5 billion in 2014 (+ 4.8%). Assets under management and under custody rose by 10.3% to €79.3 billion in 2014. Customer loans amounted to €10.4 billion up 21.9%.

(€ millions)	Year ended December 31 2014	2013	% change (2014/ 2013)
Net banking income	458	444	+3.1 %
Operating expenses	(338)	(329)	+2.7 %
Gross operating income	120	115	+4.3 %
Cost of risk	(2)	(7)	NS
Gains (losses) on other assets	1	-	NS
Income before tax	119	108	9.6 %
Corporate income tax	(32)	(38)	-16.5%
Net income	87	70	+23.7%

Net banking income rose from €444 million in 2013 to €458 million at the end of 2014 and profit before tax increased by 9.6% to €119 million.

V.2.1.3.3.6 – Private equity

Outstandings amounted to €1.8 billion, of which €278 million invested in 2014. The portfolio consists of 459 entries.

	Year ended December 31		
(€ millions)	**2014**	**2013**	**% change (2014/ 2013)**
Net banking income	149	119	+24.8 %
Operating expenses	(38)	(34)	+11.5 %
Gross operating income	111	85	+30.1 %
Cost of risk	-	-	NS
Gains (losses) on other assets	-	-	NS
Income before tax	111	85	+30.3 %
Corporate income tax	0	0	NS
Net income	111	86	+29.7 %

Net banking income is €149 million at 31 December 2014 against €119 million in 2013 and profit before tax of €111 million against €85 million

V.2.1.3.3.7 – Logistics and holdind

	Year ended December 31		
(€ millions)	**2014**	**2013***	**% change (2014/ 2013)**
Net banking income	(332)	(426)	-22.1 %
Operating expenses	(501)	(484)	+3.6 %
Gross operating income	(833)	(910)	-8.5 %
Cost of risk	1	(29)	ns
Gains (losses) on other assets	60	(2)	ns
Income before tax	(772)	(942)	-18.0 %
Corporate income tax	272	278	-2.2 %
Net income	(500)	(664)	-24.7 %

**Figures restated for IFRS 10/11*

The Logistics and holding activities posted a negative net banking income of €332 million in 2014 against €426 million in 2013 and a net loss of €500 million in 2014 against 664 million in 2013

V.2.2 - Recent developments and outlook

The situation in Europe seems to reflect a period of growth, notwithstanding differences between the various EU countries. According to analysts, France's recovery will be slow, with a number of uncertainties regarding regulatory changes. Our domestic banking activities, which are mainly associated with France's economic situation, still very much depend on changes in the growth drivers of investment and consumption.

V.2.3 – BFCM group's risk management

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 management report.
The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.
The description of controls, review of reporting and action plans undertaken are described in the Chairman of the Board of Directors' report submitted to the Shareholders' Meeting - pages 44 to 58.
The risk management department consolidates overall risk monitoring and optimizes risk management through the amount of capital allocated to each business and return on equity.

V.2.3.1 -Credit risk

V.2.3.1.1 - 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 prescribes the rules and practices applicable within the Group.

V.2.3.1.1.1 - Loan origination procedures

Loan origination 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 it 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 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 pledged and guarantees received.
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.
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 ratings-based approaches.
This rating system applies to the entire Crédit Mutuel Group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies 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 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;
• the dual review principle;
• the maximum lending limits that have been determined in proportion to the bank's equity;
• whether the interest rate is adapted to the loan's risk profile and capital consumption.
The group uses a real-time automated decision-making process. 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 107 of the French Decree of November 3, 2014, 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 an individual's approval powers, the decision is made by a Loan Origination Committee, which has formalized operating 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

Each regional bank has a lending team, which report directly to Executive Management and is independent of the operating departments. 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 for the performance of permanent controls.

V.2.3.1.1.2 - 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, 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, each 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, including the rating of accounts and how well they are functioning. These criteria are used to identify loans for special handling as early as possible. This detection is performed in an automated, systematic and comprehensive manner

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
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/Regulation (EU) 575/2013), 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.

Identification of at-risk items
The process involves identifying all loans to be placed on credit watch and then allocating them to the category corresponding to their situation: sensitive (not downgraded), 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.

V.2.3.1.2 - Quantified data

V.2.3.1.2.1 - Summary credit-risk exposure (balance sheet and off-balance sheet)

Exposure

Total gross exposure came to €232.3 billion, up by 1.8% compared with year-end 2013. Loans to customers totaled €179.5 billion, up by 2.5% relative to 2013, while loans to credit institutions were down by 0.4%.

(in € millions, year-end principal balances)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Loans & receivables			
Credit institutions	52,755	52,966	52,689
Customers	179,535	175,193	176,655
Gross exposure	**232,290**	**228,159**	**229,344**
Impairment provisions			
Credit institutions	-3	-4	-4
Customers	-7,313	-7,492	-7,545
Net exposure	**224,975**	**220,663**	**221,796**

Source: Accounting - excluding repurchase agreements.

Exposure on commitments given

(in € millions, year-end principal balances)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Financing commitments given			
Credit institutions	3,647	3,938	3,776
Customers	37,874	38,519	39,510
Guarantee commitments given			
Credit institutions	1,708	2,013	1,999
Customers	14,708	14,690	14,779
Provision for risks on commitments given	**120**	**115**	**116**

Source: Accounting - excluding repurchase agreements.

V.2.3.1.2.2 - Customer loans

Loans to customers, excluding repos, totaled €179.5 billion, up by 2.5% compared with 2013. On-balance sheet medium- and long-term loans increased by 3.2%, while short-term loans were up slightly by 0.7%.

(in € millions, year-end principal balances)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Short-term loans	**49,515**	**49,175**	**49,936**
Overdrawn current accounts	7,058	6,876	6,876
Commercial loans	4,951	4,817	4,877
Short-term credit facilities	36,986	36,976	37,690
Export credits	521	507	494
Medium- and long-term loans	**118,666**	**115,027**	**115,608**
Equipment loans	34,356	32,735	32,735
Housing loans	66,461	65,721	66,238
Finance leases	9,290	8,854	8,890
Other loans	8,559	7,717	7,746
Total gross customer loans, excluding non-performing loans and accrued interest	**168,181**	**164,202**	**165,545**
Non-performing loans	10,829	10,689	10,804
Accrued interest	525	302	307
Total gross customer loans	**179,535**	**175,193**	**176,655**

Source: Accounting - excluding repurchase agreements.

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 97.3% of the loans and receivables due from customers.

Performing loans to customers by internal rating

Performing loans to customers by internal rating	Dec. 31, 2014 in %	Dec. 31, 2013 in %
A+ and A-	30.6%	30.4%
B+ and B-	29.7%	29.7%
C+ and C-	27.6%	27.0%
D+ and D-	9.5%	10.1%
E+	2.7%	2.8%

Source: Risk Management.

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 lower	B and lower

Focus on Housing loans

Outstanding home loans increased by 1.1% in 2014 and accounted for 40% of total gross customer loans. Home loans are divided among a very large number of customers and are 83% backed by real property sureties or first-rate guarantees.

(in € millions, year-end principal balances)	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Housing loans	**66,461**	**65,721**	**66,238**
Secured by Crédit Logement or Cautionnement Mutuel Habitat	24,883	24,762	24,759
Secured by mortgage or equivalent, low-risk guarantee	30,552	33,943	33,943
Other guarantees (1)	11,025	7,016	7,536

Source: Accounting (1) Other risk-level mortgages, pledges, etc.

Breakdown of loans by customer type

The breakdown of loans by customer type takes into account all the BFCM Group entities.

	Dec. 31, 2014 in %	Dec. 31, 2013 in %
Retail	66%	66%
Corporates	29%	29%
Large corporates	2%	3%
Specialized financing and other	2%	2%

Source: Risk Management.

Geographical breakdown of customer risk

97% of the identified country risk is in Europe.

With marginal exceptions, the country risk exposure of the portfolio is centered on France and the OECD countries.

	Dec. 31, 2014 in %	Dec. 31, 2013 Restated IFRS 10/11 in %	Dec. 31, 2013 in %
France	84%	85%	84%
Europe, excluding France	13%	14%	14%
Rest of the world	3%	2%	2%

Source: Accounting.

Concentration risk/Exposure by segment

The tables shown below derive from the credit risk calculator for the CM11 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 entities are subject to monitoring on an individual or sub-consolidated basis.

*Exposure of the CM11 Group by category**

(in € billions)	Exposure as of Dec. 31, 2014			Exposure as of Dec. 31, 2013			Average 2014 exposures
	IRB	Standard	Total	IRB	Standard	Total	
Governments and central banks	-	82	82	-	66	66	75
Institutions	42	9	51	29	8	37	53
Corporates	95	23	117	98	11	110	114
Retail customers	207	37	243	205	38	243	242
Stock	12	0	12	3	0	3	12
Securitization	4	0	4	4	0	4	4
Other non-credit obligation assets	5	1	6	5	1	5	6
TOTAL	**364**	**151**	**515**	**344**	**125**	**469**	**506**

Source: Credit risks calculator - CM11 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 corporates market, has gradually gained strength in the personal banking segment. However, it continues to serve corporates. The composition of the CIC Group's portfolio reflects these fundamentals, with retail customers representing 47% as of December 31, 2014.

Exposure by country of residence of the CM11 Group's counterparty

Category of exposure as of Dec. 31, 2014	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total
Governments and central banks	14.6%	0.6%	0.4%	0.6%	0.9%	17.1%
Institutions	8.0%	0.5%	0.1%	0.8%	0.7%	10.0%
Corporates	17.6%	0.7%	0.6%	1.6%	1.7%	22.2%
Retail customers	45.1%	3.0%	0.1%	1.2%	1.3%	50.7%
TOTAL	**85.3%**	**4.9%**	**1.2%**	**4.1%**	**4.5%**	**100.0%**

Source: Credit risks calculator - CM11 Group consolidation scope

Category of exposure as of Dec. 31, 2013	France	Germany	Luxembourg	Other EEA member countries	Rest of the world	Total
Governments and central banks	11.5%	0.6%	0.7%	0.9%	1.2%	14.9%
Institutions	5.4%	0.4%	0.1%	1.0%	0.8%	7.7%
Corporates	18.7%	0.8%	0.4%	1.5%	1.6%	23.0%
Retail customers	48.4%	3.5%	0.2%	1.3%	1.1%	54.5%
TOTAL	**83.9%**	**5.3%**	**1.4%**	**4.7%**	**4.8%**	**100.0%**

Source: Credit risks calculator - CM11 Group consolidation scope

The Group is primarily a French and European player. The geographic breakdown of exposures as of December 31, 2014 reflects this as 95.5% of its commitments are in the European Economic Area.

Exposure of the CM11 Group by sector

The sector breakdown reflects loans to governments and central banks, institutions, corporates and retail customers.

Sector	Dec. 31, 2014 in %	Dec. 31, 2013 in %
Governments and central banks	17.64%	15.60%
Individuals	42.57%	45.97%
Banks and financial institutions	9.29%	7.13%
Sole traders	2.96%	3.19%
Agriculture	1.47%	1.49%
Non-profit	0.47%	0.54%
Travel and leisure	1.16%	1.17%
Chemicals		0.25%
Retail	3.51%	3.74%
Automotive	0.75%	0.78%
Building and construction materials	2.62%	2.61%
Industrial goods and services	2.26%	2.32%
Healthcare	0.58%	0.61%
Other financial sector	1.81%	1.83%
Industrial transportation	1.43%	1.34%
Household goods	0.52%	0.59%
Real estate	3.65%	3.57%
Utilities	0.59%	0.49%
Agri-food and drink	1.35%	1.42%
Media	0.54%	0.43%
Holding companies, conglomerates	1.79%	2.08%
Cutting-edge technologies	0.92%	0.90%
Oil and gas, commodities	1.21%	1.25%
Telecommunications		0.36%
Other	0.91%	0.34%
Total	**100.00%**	**100.00%**

Source: Credit risks calculator - CM11 Group consolidation scope

Major risks

CORPORATE

Concentration of customer credit risk	Dec. 31, 2014	Dec. 31, 2013 *	Dec. 31, 2013
Gross commitments in excess of €300m			
Number of counterparty groups	38	36	36
Total commitments (€m)	24,697	23,396	23,840
of which total statement of financial position (€m)	*8,993*	*7,785*	*8,066*
of which total off-statement of financial position guarantee and financing commitments	*15,704*	*15,611*	*15,773*
Gross commitments in excess of €100m			
Number of counterparty groups	137	129	129
Total commitments (€m)	40,386	38,447	38,891
of which total statement of financial position (€m)	*15,892*	*15,701*	*15,983*
of which total off-statement of financial position guarantee and financing commitments	*24,494*	*22,746*	*22,908*

Source : DGR 4003.

Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

* Restated for Targobank Spain and BCA in 2013

BANKING

Concentration of customer credit risk	Dec. 31, 2014	Dec. 31, 2013 *	Dec. 31, 2013
Gross commitments in excess of €300m			
Number of counterparty groups	9	10	10
Total commitments (€m)	5,458	6,913	6,913
of which total statement of financial position (€m)	*3,311*	*4,496*	*4,496*
of which total off-statement of financial position guarantee and financing commitments	*2,146*	*2,416*	*2,416*
Gross commitments in excess of €100m			
Number of counterparty groups	33	29	29
Total commitments (€m)	9,742	10,671	10,671
of which total statement of financial position (€m)	*6,519*	*7,286*	*7,286*
of which total off-statement of financial position guarantee and financing commitments	*3,223*	*3,384*	*3,384*

Source : DGR 4003.

Gross commitments: weighted uses statement of financial position + off-statement of financial position guarantee and financing commitments.

* Restated for Targobank Spain and BCA in 2013

At-risk items and cost of risk

Non-performing loans and loans in litigation remained stable at €10,829 million as of December 31, 2014, compared with a restated total of €10,689 million as of end-December 2013. These loans accounted for 5.8% of total customer loans compared with 6.1% at the end of 2013.

At year-end 2014, actual net provisioning for known risks represented 0.424% of gross outstanding customer loans, compared with 0.498% at year-end 2013. The cost of total customer risk, which includes provisions for collectively impaired receivables, amounted to 0.425% of the gross outstanding customer loans, compared with 0.520% as of December 31, 2013.

The table below summarizes the main components.

Net additions to/reversals from provisions for loan losses

	Dec. 31, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Cost of total customer risk	**0.425%**	**0.520%**	**0.527%**
Banking networks [a]	0.22%	0.29%	0.29%
Individuals	*0.09%*	*0.09%*	*0.09%*
Housing loans	*0.07%*	*0.07%*	*0.07%*
Consumer credit - Targobank Germany	1.25%	1.25%	1.25%
Consumer credit - Cofidis	3.49%	3.49%	3.49%
Financing [b]	0.20%	0.20%	0.20%
Private banking	0.10%	0.10%	0.10%

Source: DGR and Accounting

a. CIC, BECM, CIC Iberbanco, (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, 2014	Dec. 31, 2013 Restated IFRS 10/11	Dec. 31, 2013
Individually impaired receivables	10,829	10,689	10,804
Individual impairment	6,722	6,909	6,959
Collective impairment	591	583	586
Coverage ratio	67.5%	70.1%	69.8%
Coverage ratio (individual impairment only)	62.1%	64.6%	64.4%

Source: Accounting.

Outstanding loans to customers that are overdue but not impaired

Dec. 31, 2014 (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	**1,976**	**222**	**216**	**0**	**2,414**
Due to central banks	0	0	0	0	0
Governments	0	0	0	0	0
Credit institutions	1	0	0	0	1
Other financial sector	17	2	4	0	22
Non-financial companies	117	22	67	0	206
Retail customers	1,841	199	146	0	2,186
Total	**1,976**	**222**	**216**	**0**	**2,414**

(1) Available-for-sale or held-to-maturity debt securities.

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**
Due to central banks	0	0	0	0	0
Governments	0	0	0	0	0
Credit institutions	1	0	0	0	1
Other financial sector	6	0	0	0	6
Non-financial companies	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.

*V.2.3.1.2.3 - Interbank loans**

Interbank loans by geographic region

	2014	2013
France	**17.3%**	33.3%
Europe, excluding France	**59.2%**	38.8%
Rest of the world	**23.5%**	27.9%

The breakdown of interbank loans is based on the country of the parent company.

At year-end 2014, exposures mainly concerned European banks, in particular German, French, Swiss and Scandinavian banks. The weight of interbank loans located in Europe outside France increased significantly, while the weight of loans in France and in other countries decreased.

Structure of interbank exposure by internal rating

Internal rating	**Equivalent external rating**	**2014**	2013
A+	AAA/AA+	**7.2%**	0.1%
A-	AA/AA-	**10.6%**	24.1%
B+	A+/A	**58.1%**	51.4%
B-	A-	**13.7%**	8.5%
C and below (excluding default ratings)	BBB+ and below	**10.4%**	15.9%
Not rated		0.0%	0.0%

In 2014, there was a marked change in the structure of CM11 Group's interbank exposure based on the internal rating.

Loans rated A+ (external equivalent AAA/AA+) and B+ (external equivalent A+/A) rose following the increase in short-term transactions with these ratings, while loans rated A- (external equivalent AA/AA-) and those rated under B- diminished. 90% of outstanding loans are rated B or A (i.e. at least A- in equivalent external ratings), compared with 84% the previous year.

V.2.3.1.2.4 - Sovereign risk

Sovereign risk is presented in Note 7c to the consolidated financial statements of BFCM Group.

V.2.3.1.2.5 - 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, 2014	Carrying amount as of Dec. 31, 2013
Government securities	24,769	22,755
Bonds	80,263	71,763
Derivative instruments	11,269	9,947
Repurchase agreements & securities lending	15,736	13,643
Gross exposure	**132,037**	**118,108**
Provisions for impairment of securities	-96	-97
Net exposure	**131,941**	**118,011**

Source: Accounting.

V.2.3.2 -Asset-liability management (ALM) risk

V.2.3.2.1 – Organization

The CM11 Group's asset-liability management functions are centralized and include the BFCM Group.

The CM11 Group's decision-making committees concerning asset-liability management are as follows:

- The CM11 Group's ALM Technical Committee decides the implementation of interest rate and liquidity hedges based on the various risk indicators. The committee meets at least quarterly and comprises the CFOs, asset-liability management representatives, and the Chief Risk Officer, as well as BFCM and Marketing representatives.
- The CM11 Group's ALM Monitoring Committee comprises the Group's main senior executives together with the Finance Department, Risk Department and BFCM representatives. It validates the risk limits proposed by the ALM Technical Committee and is kept informed on changes in CM11 Group's ALM risks.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11 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 Group's Risk Committee.

The role and principles governing asset-liability management are defined as follows:

- Asset-liability management is a distinct function from the dealing room, with its own resources.
- The key objective of asset-liability management is to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis.
- Asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest-rate risk arising from the activity of the network.

Asset-liability management helps to define the bank's sales and marketing policy in terms of lending criteria and rules governing internal transfer rates and is in constant contact with the sales teams throughout the network.

V.2.3.2.2 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 positions in 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 to manage residual interest-rate risk arising from all operations connected with the banking network's business, as well as customer loans involving a material amount or an unusual structure. Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides 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.

Several scenarios are analyzed:

- scenario 1 (core scenario): a 1% increase in market interest rates and a 0.33% increase in inflation;
- scenario 2 (core scenario): a 1% fall in market interest rates and a 0.33% fall in inflation;
- scenario 3: a 2% rise in market interest rates and a 0.66% rise in inflation – refinancing the short-term interest rate gap;
- scenario 4A (stress): a 3 % rise in short-term interest rates, a 1% fall in long rates and stable inflation – refinancing the short-term interest rate gap;
- scenario 4B (stress): a 3% rise in short-term interest rates, a 1% fall in long rates and stable inflation – refinancing the short-term interest rate 50%/long-rate 50% gap;
- scenario 5A: a 2% fall in market interest rates (with floor of 0) and a 0.66% fall in inflation – refinancing the short-term interest rate gap;
- scenario 5B: a 2% fall in market interest rates (with floor of 0) and a 0.66% fall in inflation – refinancing the short-term interest rate 50%/ long-rate 50% gap;

As of December 31, 2014, the net interest income of BFCM Group and the CM11 Group, under the core scenario, was exposed to a drop in interest rates (scenario 2). For these two scopes of consolidation, interest sensitivities were as follows:

- For the BFCM Group scope of consolidation (excluding the refinancing activity), the sensitivity was -€177.9 million in year 1 and -€186.9 million in year 2, equivalent to -3.6% and -3.8% of forecast net banking income for each year, respectively.
- For the CM11 Group commercial banking scope of consolidation (excluding the holding company), the interest sensitivity was -€144.4 million in year 1 and -€242.9 million in year 2, equivalent to -1.9% and -3.2% of forecast net banking income for each year, respectively. The risk limits (3% of net banking income in one year and 4% in two years) applying to the commercial bank were complied with.

CM11 commercial banking's NBI sensitivity indicators (excluding the holding company):

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	2.2%	3.5%
Scenario 2	-1.9%	-3.2%
Scenario 3	3.2%	5.3%
Scenario 4A	2.6%	-2.2%
Scenario 4B	5.0%	2.5%
Scenario 5A	1.2%	-1.4%
Scenario 5B	1.3%	-1.0%

4 - **Sensitivity of Net Asset Value (NAV)** arising from the application of the Basel III 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 +200bp	+4.4%
Sensitivity -200 bp	+1.6%

BFCM Group: Interest rate risk -static fixed rate gap (in €m)*

MACRO-AGGREGATE	Amount outstanding at Dec. 31, 2014	1 year	2 years	5 years	10 years
INTERBANK ASSETS	70,446	5,358	3,693	2,034	523
LOANS	153,537	87,962	69,364	35,427	11,393
SECURITIES	19,990	2,584	1,567	583	169
LONG-TERM INVESTMENTS	19,584	19,198	19,191	18,490	18,487
OTHER ASSETS	11,147	0	0	0	0
Total assets	**274,704**	**115,103**	**93,815**	**56,535**	**30,572**
INTERBANK LIABILITIES	-90,577	-10,035	-6,750	-455	-510
DEPOSITS	-126,343	-56,234	-44,717	-26,981	-12,159
SECURITIES	-35,358	-25,749	-22,117	-13,299	0
SHAREHOLDERS' EQUITY	-20,543	-20,291	-20,291	-20,291	-20,291
OTHER LIABILITIES	-14,754	0	0	0	0
Total liabilities	**-287,575**	**-112,310**	**-93,876**	**-61,026**	**-32,961**
Total statement of financial position	**-12,870**	**2,793**	**-60**	**-4,491**	**-2,389**
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL ASSETS	62,430	21,096	18,313	11,419	1
OFF-STATEMENT OF FINANCIAL POSITION ITEMS - FINANCIAL LIABILITIES	-65,534	-23,743	-22,811	-9,917	-282
Total off-statement of financial position	**-3,105**	**-2,647**	**-4,498**	**1,502**	**-280**
Grand Total	**-15,975**	**146**	**-4,559**	**-2,989**	**-2,669**

** Figures not audited by the Statutory Auditors*

V.2.3.2.3 - Liquidity risk management

The CM11 Group attaches great importance to the management of liquidity risk.

The CM11 Group's liquidity risk management mechanism is based on the following procedures:

- compliance with the standard liquidity coefficient and the 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 with 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)

2014	Residual contractual maturities							
(€ millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 year ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	1,204	790	4,778	2,045	4,099	2,473	5	15,394
Financial assets at fair value through profit or loss	24	3	0	35	430	46	1,366	1,904
Derivatives used for hedging purposes (assets)	5	0	5,345	16	285	274	4	5,931
Available-for-sale financial assets	2,308	3,485	8,136	3,523	10,487	4,980	1,588	34,507
Loans and receivables (including finance leases)	41,848	18,662	21,017	25,700	51,076	80,551	1,395	240,248
Held-to-maturity investments	10	2	577	12	56	0	0	657
Other assets	1,314	3,460	1,421	8	1	46	303	6,552
Liabilities								
Central bank deposits	16	18	25	0	0	0	0	59
Financial liabilities held for trading	1,048	190	3,119	529	928	3,349	14	9,176
Financial liabilities at fair value through profit or loss	858	618	1,049	0	0	0	0	2,525
Derivatives used for hedging purposes (liabilities)	18	19	2,610	338	2,403	1,280	2	6,670
Financial liabilities carried at amortized cost	128,114	24,380	51,357	26,030	48,116	19,580	4,883	302,461

Excluding insurance businesses
(a) Including accrued interest income and expense and securities given and received under repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans, loans in litigation and impairment losses.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

2013	Residual contractual maturities							
(€ millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 year ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	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
Derivatives 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 (including 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
Financial liabilities held for trading	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
Derivatives used for hedging purposes (liabilities)	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 businesses
(a) Including accrued interest income and expense and securities given and received under repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans, loans in litigation and impairment losses.
For marked-to-market financial instruments, also includes differences between fair value and redemption value.

V.2.3.2.4 -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 the result, 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.

V.2.3.2.5 – Equity risk

BFCM Group has exposure to various types of equity risks.

V.2.3.2.5.1 - Assets measured at fair value through profit or loss

Financial assets held in the trading portfolio amounted to €734 million as at December 31, 2014 compared with €537 million at December 31, 2013 and solely concerned CIC's capital markets business (see Note 5a to the consolidated financial statements).

Financial assets accounted for using the fair value option through profit or loss totaled:

- €2,012 million under the fair value option, of which €1,802 million represented the private equity business line (see Note 5a to the consolidated financial statements);
- €9,172 million in equities held by the GACM insurance activity (see Note 1.3.4. to the consolidated financial statements) within the framework of unit-linked policies in the insurance business, to ensure consistency with the treatment of liabilities.

V.2.3.2.5.2 -Available-for-sale financial assets

Equity investments classified as available-for-sale and various long-term investments amounted to €6,815 million and €2,083 million respectively (see Note 7 to the consolidated financial statements).

Long-term investments included:

- investments in non-consolidated subsidiaries totaling €1,521 million and in associates totaling €380 million: the main holdings concern Club Sagem (€48 million), Desjardins (€54 million), Foncières des Régions (€375 million) and CRH (Caisse de Refinancement de l'Habitat) for €128 million;
- other long-term securities (€182 million).

V.2.3.2.5.3 –Impairment of equity investments :

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 price below the acquisition cost.
Net impairment charges through profit or loss totaled €39 million in 2014, compared with €49 million in 2013.
As of December 31, 2014, the acquisition value of impaired equity investments was €3,463 million and the corresponding impairment provision was €1,804 million. Their market value was €1,659 million.

V.2.3.2.6 – 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

	Dec. 31, 2014	Dec. 31, 2013
Number of listed investment lines	34	35
Number of unlisted, active investment lines	375	387
Revalued proprietary portfolio (€m)	1,996	1,894
Managed funds (€m)	360	363
Number of managed funds	50	47

Source: risk management

V.2.3.3 –Capital markets risk

V.2.3.3.1 – General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).
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.2.3.3.1.1 –Refinancing:

A dedicated treasury management team is responsible for refinancing all the activities of the CM11 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.

V.2.3.3.1.2 –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.2.3.3.1.3 –Fixed Income, Equity and Credit

This business line is organized around desks specialized in investments in equities/hybrid instruments, spreads and fixed income. 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.2.3.3.2– Internal control structures

In 2014, the internal control function continued to improve its organization and monitoring methodologies. It continued to update its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3/CRD4 regulatory changes, in particular the 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 III standards).
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 markets 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 and tax 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 outstandings for each counterparty group,
- CIC’s legal and tax department, which works with the CM-CIC Marchés legal and tax team,
CIC’s finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
• the CM11 Group’s periodic controls team, which uses a team of specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.
A Market Risk Committee that meets monthly is responsible for monitoring the strategy, results and risks of CMCIC Marchés (in France and in the branches) in relation to the limits prescribed by the Boards of Directors of CIC and BFCM. It is chaired by the member of Executive Management in charge of CM-CIC Marchés and comprises the Chief Executive 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 as part of the general limits set by the Boards of Directors of CIC and BFCM boards of directors, which are kept informed on a regular basis of the risks and results of these activities. The Market Risk Committee also approves the general principles of the “market risk internal model”.

*V.2.3.3.3– 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-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier 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 in mainland France, which had remained stable from 2010 to 2012 and reduced in 2013, slightly

increased at year-end 2014.
CM11 Group value at risk was €5 million at year-end 2014. A stress mechanism was introduced as part of risk management, with an escalation procedure in the event that limits are exceeded.

For 2015, the limits of these activities remain at the 2014 levels. Since last year, the calculation of a capital allocation for the credit valuation adjustment (CVA) charge has been a part of risk monitoring.

The capital consumed by the RMBS business conducted in the New York branch continued to fall in line with the amortization and sale of the portfolio securities managed on a run-off basis. The model provision of $85 million was reversed in view of the improvement in quality of the portfolio and situation. 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, which is preceded by a preliminary warning limit, the two limits being set by the department 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 CM-CIC Marchés trading desk risks are as follows:
1 – 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 2014, the overall consumption of risk capital rose from €88 million to €103.7 million with a peak of €110 million. This change was attributable to an increase in CAD requirements in respect of General Interest Rate Risk and European Off-balance Sheet Capital Adequacy Requirements (because of the change in the euro/dollar exchange rate on the derivatives).
2 - Hybrid instruments: consumption of risk capital was €66 million on average in 2014 and ended the year at €78.6 million. The stock of convertible bonds reached €1.9 billion at year-end 2014 (€1.6 billion in 2013).

3 -credit: these positions correspond to either securities/CDS arbitrage, or to indices positions, or Itraxx/CDX tranches, or asset-backed securities. On the corporate and financial institutions loan portfolio, the consumption of risk capital, which was stable throughout the year, increased on average by around €36 million. For the credit correlation portfolio, based exclusively on iTraxx/CDX tranches, consumption of risk capital stayed at around €20 million throughout the year before ending the year at €12 million. As for the ABS portfolio, consumption of risk capital began the year at €43 million before falling to €33 million in June, ending the year at €36.5 million. This decrease reflected careful management of risks on peripheral countries throughout the year and a reduction in positions on these countries.

4 -M&A and various actions: consumption of risk capital was €35 million on average in 2014, reaching a maximum of €52 million in October. This rise followed the change in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €329 million at year-end 2014 (with a maximum of €485 million at end-October), compared with €155 million at year-end 2013.

5 -Fixed income: the positions relate to directional investments and yield-curve arbitrage, typically with underlying government securities, mostly European. Positions on peripheral countries are very limited. Concerning Italy, following the redemption of €1.7 billion in September, fixed-income investments remained under €400 million. Total government bond investments rose to €4.5 billion in 2013, compared with €3 billion at year-end 2014, €2 billion of which in respect of France. A liquidity portfolio, held to manage the buffer and invested in sovereign debt, is held in BFCM's accounts.

V.2.3.3.4 – Risk linked to model

The risk linked to model is defined as the loss that would be incurred due to decisions that may be based primarily on the results of internal models, due to errors in their development, implementation or use.
CM-CIC Marché's Risks and Results Control (RRC) team is in charge of developing the specific models used for valuing its positions. At year-end 2014, there were four such models. These models are governed by a general policy validated annually by the Market Risks Committee. It provides for development and documentation by the RRC team, monitoring of their performance, also prepared by the RRC team and reviewed by the Permanent Control department and Group Risks division for presentation to the Markets Risks Committee. These models are also included in the audit program undertaken by the Group's periodic controls team. The financial challenge for these models can be measured by the level of provision calculated every six months according to a procedure approved by the auditors. At the end of 2014, this provision is zero, reflecting extremely modest positions and a mastery of the hazard.

V.2.3.3.5 – Credit derivatives

A credit derivative is a derivative similar to a contract of guarantee: the guarantor guarantees the policyholder in case of default of a third party (transmitter) for a certain duration. If the issuer defaults during this period, the guarantor compensates its counterpart of the loss occurred. In exchange for this guarantee, the purchaser pays the contracted guarantee premium, the start of the operation, or throughout the life of the operation. The most common form of credit derivative is the CDS (Credit Default Swap).
These products are used by CM-CIC Marchés and are recognized in its trading portfolio.
CM-CIC Marchés monitors risk 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.
At end 2014, the stock contains €7.9 billion purchase of protection against 6.3 billion sale protection. Is about half of index positions, the other half on Single Names. 15% of the positions is on Sovereign issuers. 70% is on European underlying, 15% North America and 15% to Asia.

V.2.3.3.6 – Securitization

In the 2014 financial year, Group securitization investments were largely unchanged, with a total carrying amount of €5.6 billion as of December 31, 2014.

Securitization portfolios are managed on a prudent basis and mainly comprise senior securities of high credit rating (69% of the securities have AAA rating, and 18% between A- and AA+). They are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, ABS auto loans, consumer loan ABS, credit card ABS) and geographical exposure (US, Netherlands, UK, France, Italy, Germany).

Investments are undertaken within precise limits, which are validated by the Group Lending department and reviewed at least once a year.
Market activity investments, which represent 88% of securitization investments, also comply with a body of rules specific to CM-CIC Marchés, which strictly govern the portfolio investments and risks.

Regulatory requirements for securitizations have been regularly strengthened since the last financial crisis. Accordingly, specific procedures were implemented. They allow for the detailed monitoring of tranches and the ongoing verification of information on the performance of underlying exposures.

Stress tests are also undertaken on the portfolios each month. In 2014, a review (AQR) of the quality of the assets held, together with stress tests, was conducted by the ECB with satisfactory results.

Breakdown of securitization investments by portfolio (in millions of euros)	
Banking portfolio	4,374
Trading portfolio	1,218
Total	**5,592**

Breakdown of Inv. Grade and Non-Inv. Grade (as %)	
Investment Grade category (of which 69% AAA)	90%
Non-Investment Grade category	10%
Total	**100%**

Geographic breakdown of investments	
USA	33.5%
Netherlands	14.6%
Italy	7.7%
United Kingdom	7.4%
France	6.9%
Germany	5.8%
Spain	2.2%
Norway	1.5%
Ireland	1.4%
Portugal	1.2%
Greece	0.4%
Europe (other countries)	12.7%
Australia	0.5%
Caribbean	0.4%
Other	3.8%
Total	**100.0%**

The Group has very little exposure to the weakest EU countries (Ireland: 1.4%; Portugal: 1.2%; Greece: 0.4%). Moreover, there is closer monitoring of Non Investment Grade investments and, in the case of Greece, provisions have been made.

The New York branch holds a residual portfolio of American Non-Investment-Grade RMBS dating from before 2008 in the amount of €463 million managed on a run-off basis. All expected losses on this portfolio are provisioned in full.

*V.2.3.4 – 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 Group's solvency ratio risks is presented in the chapter "Information on pillar 3 of the Basel Accords as transposed in European regulations".

V.2.3.5 –Operational risk*

In the context of the Basel III 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 a common platform applied throughout the Crédit Mutuel-CIC Group that identifies and models risks to calculate the level of capital required to be held.

Since January 1, 2010, Crédit Mutuel-CIC has been authorized to use its advanced measurement approach to calculate its capital adequacy requirements against operational risk. This authorization was extended to COFIDIS France on July 1, 2014.
Since June 30, 2012, the Group has also been authorized 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.

V.2.3.5.1 – 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 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 the Basel III requirements and supervisory authorities, develop a reliable system of internal control (Decree of November 3, 2014 on internal control), optimize emergency business continuity plans for mission-critical operations and adapt financial reporting (Pillar 3 of the Basel Accords as transposed in European regulations).

V.2.3.5.2 – Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy. It is coordinated by the regional operational risk manager.

V.2.3.5.3 - Measurement and control procedure

For modeling purposes, the Group relies mainly on the national database of internal losses, 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 are then split at the regional level.

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, 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 emergency and business continuity plans: rescue, continuity and recovery plans.

V.2.3.5.4 - 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. Relevant senior executives and supervisory bodies are regularly provided with information on these issues, including the requirements of the Decree of November 3, 2014.

V.2.3.5.5 -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.

V.2.3.5.6 - Emergency and Business Continuity Plans (EBCP)

Emergency and Business Continuity Plans are part of the back-up measures put in place by the Group to limit any losses resulting from operational risk.

“EBCP guidelines”, which are the Crédit Mutuel-CIC Group reference document in this field, may be consulted by all personnel concerned and are applied at the level of the regional groups.

Plans are classified into two categories:

• business-specific EBCP relate to a given banking function that is associated with one of the business lines identified in accordance with Basel III;

• cross-functional EBCP relate to activities that constitute business support services (logistics, HR and IT issues).

Plans can be split into three components:

• emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;

• business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;

• back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

V.2.3.5.7 - Crisis management and its organization

Crisis management procedures at Group level and at regional level cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.

These procedures are based on:

• a Crisis Committee, chaired by the CEO of the bank at regional level or by the Group CEO at national level, 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;

• 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 EBCP until the situation returns to normal.

V.2.3.5.8 - Insurance deducted from equity

Operational risk financing programs are reviewed as and when the results of the assessments of net risks are available, after the application of risk-mitigation techniques, and are based on the following principles:

• 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 set up and allocated on an individual system basis.

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 consumption of regulatory equity for operational risks.

V.2.3.5.9 - Training

Each year, the Group provides operational risk training for the network managers, internal auditors and the operational staff responsible for monitoring these risks.

V.2.3.5.10 - BFCM Group's operational risk loss experience

In 2014, total operational losses amounted to €312.1 million, including €191.1 million of actual losses and €40.7 million of net reversals of provisions in respect of prior-year losses.

This total breaks down as follows:

• human/procedural error: €257.7 million;

• legal risk: €24.5 million;

• fraud: €22.4 million;

• industrial relations: €3.8 million;

• natural disasters and system malfunctions: €3.7 million.

V.2.3.6 - Other risks

V.2.3.6.1 - 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.

V.2.3.6.2 - 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 EBCP.

V.3 - Consolidated financial statements of BFCM Group

Consolidated statement of financial position (IFRS) - Assets

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Cash and amounts due from central banks	23,341	14,770	4a
Financial assets at fair value through profit or loss	29,206	41,302	5a, 5c
Hedging derivative instruments	5,931	3,770	6a, 5c, 6c
Available-for-sale financial assets	91,290	79,078	7a, 5c
Loans and receivables due from credit institutions	61,586	55,577	4a
Loans and receivables due from customers	179,105	168,159	8a
Remeasurement adjustment on interest-risk hedged investments	599	563	6b
Held-to-maturity financial assets	10,943	10,159	9
Current tax assets	649	709	13a
Deferred tax assets	803	754	13b
Accruals and other assets	13,908	12,860	14a
Non-current assets held for sale	0	0	
Investments in associates	2,514	2,609	15
Investment property	1,867	1,587	16
Property and equipment	1,805	1,861	17a
Intangible assets	808	939	17b
Goodwill	3,891	3,973	18
Total assets	**428,244**	**398,670**	

Consolidated statement of financial position (IFRS) - Liabilities and shareholders' equity

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Due to central banks	59	460	4b
Financial liabilities at fair value through profit or loss	16,351	30,354	5b, 5c
Hedging derivative instruments	6,670	3,814	6a, 5c, 6c
Due to credit institutions	35,336	19,727	4b
Due to customers	148,174	144,392	8b
Debt securities	105,245	97,957	19
Remeasurement adjustment on interest-risk hedged investments	-1,364	-1,251	6b
Current tax liabilities	354	330	13a
Deferred tax liabilities	1,163	851	13b
Accruals and other liabilities	11,387	9,538	14b
Technical reserves of insurance companies	73,310	66,256	20
Provisions	2,050	1,546	21
Subordinated debt	7,143	6,911	22
Shareholders' equity	**22,367**	**17,785**	
Shareholders' equity attributable to the Group	**18,704**	**14,300**	
Subscribed capital and issue premiums	4,788	2,088	23a
Consolidated reserves	11,570	10,462	23a
Gains and losses recognized directly in equity	962	538	23c
Net income for the year	1,384	1,211	
Shareholders' equity attributable to minority interests	**3,663**	**3,486**	
Total liabilities and shareholders' equity	**428,244**	**398,670**	

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

CONSOLIDATED INCOME STATEMENT (IFRS)

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Interest income	14,736	13,422	25
Interest expense	-10,988	-9,239	25
Fee and commission income	2,854	2,830	26
Fee and commission expense	-769	-776	26
Net gain (loss) on financial instruments at fair value through profit or loss	436	-147	27
Net gain (loss) on available-for-sale financial assets	146	342	28
Income from other activities	12,910	12,581	29
Expenses on other activities	-10,869	-10,655	29
Net banking income	**8,456**	**8,358**	
Operating expenses	-4,979	-4,867	30a, 30b
Depreciation, amortization and impairment of non-current assets	-270	-278	30c
Gross operating income	**3,206**	**3,213**	
Net additions to/reversals from provisions for loan losses	-748	-943	31
Operating income	**2,458**	**2,269**	
Share of net income (loss) of associates	87	22	15
Gains (losses) on other assets	1	3	32
Change in value of goodwill	-21	0	33
Net income before tax	**2,525**	**2,295**	
Corporate income tax	-824	-811	34
Net income	**1,701**	**1,484**	
Net income attributable to minority interests	317	273	
Net income attributable to the Group	**1,384**	**1,211**	
Earnings per share (in €)*	**47.69**	**45.61**	**35**

** Basic and diluted earnings per share were identical*

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

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*	Notes
Net income	**1,701**	**1,484**	
Translation adjustments	67	-10	
Remeasurement of available-for-sale financial assets	519	401	
Remeasurement of hedging derivative instruments	6	75	
Share of unrealized or deferred gains and losses of associates	53	19	
Total gains and losses recognized directly in equity that may be recycled to profit or loss	**644**	**484**	
Remeasurement of non-current assets	0	0	
- Actuarial gains and losses on defined benefit plans	-77	9	
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	**-77**	**9**	**23c, 23d**
Net income and gains and losses recognized directly in shareholders' equity	**2,268**	**1,976**	
attributable to the Group	*1,808*	*1,658*	
attributable to minority interests	*461*	*318*	

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

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

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, 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	0		0
Capital increase	2	23							25		25
Distribution of dividends			-70						-70	-141	-211
Change in investments in subsidiaries not resulting in loss of control			-10						-10	9	-1
Sub-total: movements arising from shareholder relations	**2**	**23**	**850**	**0**	**0**	**0**	**0**	**-930**	**-55**	**-132**	**-187**
Consolidated net income for the year								1,211	1,211	273	1,484
Change in fair value of available-for-sale financial assets and derivative instruments					405	39			444	32	476
Change in actuarial gains and losses							8		8		8
Translation adjustments				-20					-20		-20
Sub-total	**0**	**0**	**0**	**-20**	**405**	**39**	**8**	**1,211**	**1,643**	**305**	**1,948**
Impact of acquisitions and disposals on minority interests			-1						-1		-1
Other movements			-12			16			4	-25	-21
Shareholders' equity at December 31, 2013	**1,329**	**759**	**10,462**	**-31**	**722**	**-25**	**-127**	**1,211**	**14,300**	**3,486**	**17,786**
Appropriation of earnings from previous year			1,211					-1,211	0		0
Capital increase	244	2,456							2,700		2,700
Distribution of dividends			-130						-130	-139	-269
Change in investments in subsidiaries not resulting in loss of control			53						53	-109	-56
Sub-total: movements arising from shareholder relations	**244**	**2,456**	**1,134**	**0**	**0**	**0**	**0**	**-1,211**	**2,623**	**-248**	**2,374**
Consolidated net income for the year								1,384	1,384	317	1,701
Change in fair value of available-for-sale financial assets and derivative instruments					405	2			407	145	552
Change in actuarial gains and losses							-75		-75	-2	-77
Translation adjustments				91					91	1	92
Sub-total	**0**	**0**	**0**	**91**	**405**	**2**	**-75**	**1,384**	**1,807**	**461**	**2,268**
Impact of acquisitions and disposals on minority interests									0	-37	-37
Other movements	0	0	-25	0	0	0	0	0	-25	1	-24
Shareholders' equity at December 31, 2014	**1,573**	**3,215**	**11,570**	**60**	**1,127**	**-23**	**-202**	**1,384**	**18,704**	**3,663**	**22,367**

(1) Reserves at December 31, 2014 include the legal reserve of €133 million, regulatory reserves for a total of €2,259 million and other reserves amounting to €9,178 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	Dec. 31, 2014	Dec. 31, 2013 restated*
Net income	1,701	1,484
Corporate income tax	824	811
Income before corporate income tax	**2,525**	**2,295**
+/- Net depreciation/amortization expense on property, equipment and intangible assets	265	280
- Impairment of goodwill and other non-current assets	-19	24
+/- Net additions to/reversals from provisions and impairment losses	8	-16
+/- Share of net income/loss of associates	-87	-22
+/- Net loss/gain from investing activities	1	1
+/- Income/expense from financing activities	0	0
+/- Other movements	-1,042	1,909
= Total non-monetary items included in income before tax and other adjustments	**-875**	**2,176**
+/- Cash flows relating to interbank transactions	13,865	-5,025
+/- Cash flows relating to customer transactions	-6,368	5,322
+/- Cash flows relating to other transactions affecting financial assets and liabilities	-2,276	-10,605
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	1,107	630
- Corporate income tax paid	-636	-881
= Net decrease/increase in assets and liabilities from operating activities	**5,693**	**-10,559**
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**7,342**	**-6,088**
+/- Cash flows relating to financial assets and investments in non-consolidated companies	14	-28
+/- Cash flows relating to investment property	-210	-450
+/- Cash flows relating to property, equipment and intangible assets	-129	-252
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**-325**	**-731**
+/- Cash flows relating to transactions with shareholders	2,431	-187
+/- Other cash flows relating to financing activities	3,633	5,573
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**6,064**	**5,386**
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**417**	**-146**
Net increase (decrease) in cash and cash equivalents	**13,498**	**-1,578**
Net cash flows from (used in) operating activities	7,342	-6,088
Net cash flows from (used in) investing activities	-325	-731
Net cash flows from (used in) financing activities	6,064	5,386
Impact of movements in exchange rates on cash and cash equivalents	417	-146
Cash and cash equivalents at beginning of year	12,990	14,597
Cash accounts and accounts with central banks and post office banks	14,310	9,086
Demand loans and deposits - credit institutions	-1,320	5,511
Cash and cash equivalents at end of year	26,488	13,018
Cash accounts and accounts with central banks and post office banks	23,282	14,303
Demand loans and deposits - credit institutions	3,206	-1,284
CHANGE IN CASH AND CASH EQUIVALENTS	**13,498**	**-1,578**

** Data restated in relation to the financial statements as at December 31, 2013, following the application of IFRS 11 which is implemented retrospectively (cf. note 1.1).*

Notes to the consolidated financial statements

NOTE 1: ACCOUNTING PRINCIPLES AND METHODS

1.3 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 have been drawn up in accordance with IFRS adopted by the European Union as of December 31, 2014. These standards include IAS 1-41, IFRS 1-8 and 10-12 and any SIC and IFRIC interpretations adopted as of that date. Standards not adopted by the European Union have not been applied.

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 financial statements are presented in accordance with the format recommended in Recommendation No. 2013-04 of the French accounting standards authority concerning IFRS financial statements. They are prepared in accordance with International Accounting Standards as adopted by the European Union.

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

Standards and interpretations adopted since January 1, 2014:

- IFRS 10, 11, 12, and IAS 28R concerning consolidation, which include the following changes:
  - ✓ a model according to which an entity's consolidation is based is based solely on the concept of control, with a single definition of control applicable to each type of entity ("standard" or "ad hoc");
  - ✓ an application guide for situations in which the control is more difficult to assess, including precision on the distinction between substantive and protection rights, and on the analysis of agent relations versus principal;
  - ✓ suppression of the proportionate consolidation method for jointly controlled entities, which are now accounted for using the equity method,
  - ✓ new disclosures on determining the scope of consolidation as well as on the risks associated with interests in other entities (subsidiaries, jointly controlled entities, associated entities, non-consolidated structured entities).
- amendments of:
  - ✓ IAS 32 aimed at clarifying the conditions in which the criteria for the offsetting of financial assets and financial liabilities are applied;
  - ✓ IAS 39 on the novation of derivatives. This amendment allows, by way of exception, hedge accounting where a derivative, which has been categorized as a hedging instrument, is transferred by novation from one counterparty to another central as a result of legislative or regulatory provisions;
  - ✓ IAS 36 aimed at clarifying the scope of application of disclosures on the recoverable amounts of non-financial assets.

  These amendments had no material impact on the Group accounts.

Standards and interpretations adopted by the European Union and not yet applied because of the effective date:

- IFRIC 21 on levies. The application date will be January 1, 2015, and the expected impact is limited.

- **Impacts of first adoption of IFRS 10**

The first adoption of IFRS 10 had no impact on the Group financial statements as of December 31, 2014. Indeed, the analyses undertaken together with application of IFRS 10 helped to categorize, in particular, the UCITS shown in the assets of insurance companies. Because the impact of the consolidation of the entities categorized was deemed not significant at Group level, these entities were not included in the scope of consolidation.

- **Impacts of first adoption of IFRS 11**

Pursuant to IFRS 11, restated financial statements were prepared because of the change in the consolidation method for jointly controlled entities. TARGOBANK Spain and Banque CASINO, 50% owned by the Group and previously consolidated proportionally, are now consolidated using the equity method.

in € millions	Dec. 31, 2013 published	Impact of IFRS 11	Dec. 31, 2013 restated
Assets			
Cash and amounts due from central banks	14,778	-8	14,770
Financial assets at fair value through profit or loss	41,303	0	41,302
Hedging derivative instruments	3,770	0	3,770
Available-for-sale financial assets	79,133	-55	79,078
Loans and receivables due from credit institutions	55,300	277	55,577
Loans and receivables due from customers	169,568	-1,410	168,159
Remeasurement adjustment on interest-risk hedged investments	562	1	563
Held-to-maturity financial assets	10,159	0	10,159
Current tax assets	710	-1	709
Deferred tax assets	770	-16	754
Accruals and other assets	12,892	-32	12,860
Non-current assets held for sale	4	-4	0
Deferred profit	0	0	0
Investments in associates	2,196	413	2,609
Investment property	1,587	0	1,587
Property and equipment	1,869	-8	1,861
Intangible assets	941	-2	939
Goodwill	4,182	-209	3,973
Total Assets	**399,725**	**-1,055**	**398,670**
Liabilities and shareholders' equity			
Central banks	460	0	460
Financial liabilities at fair value through profit or loss	30,408	-54	30,354
Hedging derivative instruments	3,814	0	3,814
Due to credit institutions	19,880	-153	19,727
Due to customers	145,217	-825	144,392
Debt securities	97,957	0	97,957
Remeasurement adjustment on interest-risk hedged investments	-1,252	1	-1,251
Current tax liabilities	336	-6	330
Deferred tax liabilities	851	0	851
Accruals and other liabilities	9,554	-16	9,538
Liabilities associated with assets held for sale	0	0	0
Technical reserves of insurance companies	66,256	0	66,256
Provisions	1,547	-1	1,546
Subordinated debt	6,911	0	6,911
Shareholders' equity	**17,785**	**0**	**17,785**
Shareholders' equity attributable to the Group	**14,300**	**0**	**14,300**
Subscribed capital and issue premiums	2,088	0	2,088
Consolidated reserves	10,462	0	10,462
Gains and losses recognized directly in equity	538	0	538
Net income for the year	1,211	0	1,211
Shareholders' equity attributable to minority interests	**3,486**	**0**	**3,486**
Total Liabilities and shareholders' equity	**399,725**	**-1,055**	**398,670**
Income statement			
Interest income	13,501	-79	13,422
Interest expense	-9,261	22	-9,239
Fee and commission income	2,865	-35	2,830
Fee and commission expense	-780	4	-776
Net gain (loss) on financial instruments at fair value through profit or loss	-145	-2	-147
Net gain (loss) on available-for-sale financial assets	342	-0	342
Income from other activities	12,581	0	12,581
Expenses on other activities	-10,656	1	-10,655
Net banking income	**8,445**	**-87**	**8,358**
Operating expenses	-4,918	51	-4,867
Depreciation, amortization and impairment of non-current assets	-280	2	-278
Gross operating income	**3,247**	**-34**	**3,213**
Net additions to/reversals from provisions for loan losses	-965	22	-943
Operating income	**2,282**	**-13**	**2,269**
Share of net income (loss) of associates	13	9	22
Gains (losses) on other assets	5	-2	3
Net income before tax	**2,300**	**-5**	**2,295**
Corporate income tax	-816	5	-811
Net income	1,484	0	1,484
Net income attributable to minority interests	273	0	273
Net income attributable to the Group	**1,211**	**0**	**1,211**

1.4 Scope and basis of consolidation

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IFRS 10, IFRS 11 and IAS28R.

The consolidation scope comprises:

- ***Controlled entities*** : control is considered to be exercised when the Group holds power over the entity, is exposed or is entitled to variable returns because of its links with the entity, and can exercise its power over the entity to influence its returns. 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 providing for joint control of an entity, which exists only if the decisions concerning the entity's key activities require unanimous agreement of the parties sharing the control. Two or more parties exercising joint control constitute a partnership, which is either a jointly controlled operation or a jointly controlled entity:

- a jointly controlled operation is a partnership where the parties that exercise joint control have rights to and obligations for the underlying assets and liabilities: the assets, liabilities, revenues and expenses are accounted for proportionally to the interest held in the entity;
- a jointly controlled entity is a partnership where the parties that exercise joint control have rights to the entity's net assets: jointly controlled entities are accounted for using the equity method.

All the entities under the joint control of the Group are jointly controlled entities within the meaning of IFRS 11.

- ***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.

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 for the year ended December 31, 2014 were as follows:

- ***Additions:*** VN-retail GmbH, CM-CIC Capital and investments in associates.

- ***Merger/absorption:*** VN-retail GmbH with Targobank AG, Carmen Holding Investissement with BFCM, L'alsace with SAP Alsace (formerly SFEJIC), SOFIM with CIC Nord Ouest.

- ***Removals:*** Serficom Family Office Inc, Agefor SA Genève, Banca Popolare di Milano, Pasche Bank & Trust Ltd, Banque Pasche (Liechtenstein) AG, CMCIC Securities London Branch, Lafayette CLO 1

Ltd, Saint-Pierre SNC, Calypso Management Company, LRM Advisory SA, Monabanq Belgique, Cofidis Argentine, Agence générale d'informations régionales.
Following the disposal of Banca Popolare di Milano (the impacts of which are shown in Note 14), the companies holding only this entity's shares were deconsolidated as of June 30, 2014. These companies are: CIC Migrations, Cicor, Cicoval, Efsa, Gestunion 2, Gestunion 3, Gestunion 4, Impex Finance, Marsovalor, Pargestion 2, Pargestion 4, Placinvest, Sofiholding 2, Sofiholding 3, Sofiholding 4, Sofinaction, Ufigestion 2, Ugépar Service, Valimar 2, Valimar 4, VTP 1, VTP 5.

- Change of name: SFEJIC became SAP Alsace, BCMI became Fivory.

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 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.

- **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. It applies to all entities under joint control, qualified as jointly controlled entities or for all 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.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.
As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position 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.

- **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 no longer includes 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

Non controlling interests correspond to interests that do not provide control as defined in IFRS 10, and include 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

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. Following the definition of this concept by the European Banking Authority, it was incorporated into the Group's information systems in order that the accounting and prudential definitions were harmonized. The relevant figures are shown in the management report.

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 and available-for-sale or held-to-maturity debt instruments, provisions for financing commitments and financial guarantees given

- 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 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 and loans.

- 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: They are mainly 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 in IAS 39. This option is intended to 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.

The Group used this option mainly in connection with insurance business units of account contracts in line with the treatment applied to 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*

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.
The data observable on a market are to be used provided that they reflect a transaction's reality in normal conditions at the date of valuation and that it is not necessary to make too large an adjustment to this value. In the other cases, the Group uses non-observable mark-to-model data.
Derivatives are remeasured using observable market data (for example, yield curves). The bid/ask concept must therefore be applied to these observable data.
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.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting. 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 recognized initially and subsequently 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 calculated using fair value. They are recognized in "Net additions to/reversals from provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred losses are recognized in 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 losses are recognized in 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 losses*

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 markets activities, this concerns debt securities that are quoted by at least three 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 assets or liabilities that are not observable market data (non-observable data). This category notably includes non-consolidated equity investments whether or not held through venture capital entities, in market activities, debt securities listed by a sole contributor and derivatives mainly using non-observable parameters. The instrument is classified at the same level as the entry data of the lowest level which is material for the fair value overall. Given the diversity and volume of the instruments valued at level 3, the sensitivity of the fair value to changes in parameters would be immaterial.

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 to meet clients' exact needs. They comprise basic products - generally options. 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 groups of methods for 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 recognized in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though 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 securities

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 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 initially at fair value in the statement of financial position, and are subsequently valued at reporting dates at amortized cost using the effective interest rate 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).

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 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.

1.3.11 Employee benefits

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 Studie*s) 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.
In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA.

- 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 policies and valuation methods applicable to the assets and liabilities generated by the issuance of insurance contracts are established pursuant to IFRS 4. They also apply to reinsurance contracts issued or subscribed, and to financial contracts that have 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, recognized 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 "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 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

<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 Commissions

The Group recognizes in profit or loss commission income and expenses on services depending on the type of services to which they relate.
Commissions directly linked to setting up a loan are recognized over the term of the loan (cf. §1.3.1).
Commissions representing consideration for an ongoing service are recognizes over the term of the service rendered.
Commissions paid as consideration for the execution of a material deed are taken to profit or loss in full when the deed is executed.

1.3.15 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.

1.3.16 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.

1.3.17 Financial guarantees (sureties, deposits and other guarantees) and financing commitments

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.

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.

1.3.18 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 recorded under "Translation adjustments". 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.

1.3.19 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.

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

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”.

1.3.20 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 - Breakdown of the income statement by activity and geographic region

The Group's activities are as follows:
• Retail banking brings together CIC's regional banks, Targobank Germany, 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, 2014	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks	1,854	0	2,855	678	0	17,953	23,341
Financial assets at fair value through profit or loss	261	11,506	15,260	176	2,003	0	29,206
Hedging derivative instruments	1,819	0	2,012	2	0	2,097	5,931
Available-for-sale financial assets	864	55,155	32,014	2,307	8	941	91,290
Loans and receivables due from credit institutions	5,304	34	46,172	1,323	6	8,746	61,586
Loans and receivables due from customers	149,271	490	18,738	10,432	0	174	179,105
Held-to-maturity financial assets	57	10,286	10	0	0	589	10,943
Investments in associates	1,183	179	0	0	0	1,153	2,514
LIABILITIES							
Cash, central banks, post office banks	0	0	0	59	0	0	59
Financial liabilities at fair value through profit or loss	204	4,530	11,444	173	0	0	16,351
Hedging derivative instruments	1,095	0	5,332	207	0	37	6,670
Due to credit institutions	15,454	0	19,882	0	0	0	35,336
Due to customers	116,340	96	12,955	16,507	0	2,276	148,174
Debt securities	30,225	0	75,000	20	0	0	105,245

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	1,965	0	4,121	1,325	0	7,359	14,770
Financial assets at fair value through profit or loss	419	11,308	27,515	97	1,903	60	41,302
Hedging derivative instruments	1,516	0	909	4	0	1,342	3,770
Available-for-sale financial assets	852	47,146	27,794	2,772	12	502	79,078
Loans and receivables due from credit institutions	5,320	153	39,394	1,439	6	9,265	55,577
Loans and receivables due from customers	146,557	291	12,672	8,554	1	83	168,159
Held-to-maturity financial assets	55	9,420	76	20	0	588	10,159
Investments in associates	1,386	240	0	0	0	984	2,609
LIABILITIES							
Cash, central banks, post office banks	0	0	0	460	0	0	460
Financial liabilities at fair value through profit or loss	262	3,051	26,921	121	0	0	30,354
Hedging derivative instruments	1,227	0	2,293	241	0	53	3,814
Due to credit institutions	9,197	0	10,530	0	0	0	19,727
Due to customers	111,342	91	12,104	15,756	2	5,097	144,392
Debt securities	31,547	0	66,390	19	0	0	97,957

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

Dec. 31, 2014	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income (expense)	6,007	1,545	718	458	149	-332	-88	8,456
General operating expenses	-3,768	-408	-285	-338	-38	-501	88	-5,249
Gross operating income	2,238	1,138	433	120	111	-833		3,206
Net additions to/reversals from provisions for loan losses	-776		29	-2		1		-748
Net gain (loss) on disposal of other assets	62	-56		1		60		67
Net income before tax	1,525	1,082	461	119	111	-772		2,525
Corporate income tax	-519	-422	-124	-32		272		-824
Net income (loss)	**1,006**	**660**	**338**	**87**	**111**	**-500**		**1,701**
Net income attributable to minority interests								317
Net income attributable to the Group								**1,384**

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)	6,123	1,338	826	444	119	-426	-66	8,358
General operating expenses	-3,701	-391	-273	-329	-34	-484	66	-5,145
Gross operating income	2,423	946	554	115	85	-910		3,213
Net additions to/reversals from provisions for loan losses	-862		-44	-8	0	-29		-944
Net gain (loss) on disposal of other assets	56	-28		0		-2		26
Net income before tax	1,616	918	509	108	85	-942		2,295
Corporate income tax	-527	-343	-182	-38	0	278		-811
Net income (loss)	**1,090**	**575**	**328**	**70**	**86**	**-664**		**1,484**
Net income attributable to minority interests								273
Net income attributable to the Group								**1,211**

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

	Dec. 31, 2014				Dec. 31, 2013			
	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	18,336	2,147	2,858	23,341	7,705	2,943	4,122	14,770
Financial assets at fair value through profit or loss	27,856	521	829	29,206	39,520	522	1,260	41,302
Hedging derivative instruments	5,928	3	0	5,931	3,761	4	5	3,770
Available-for-sale financial assets	86,142	4,172	977	91,290	73,741	4,825	512	79,078
Loans and receivables due from credit institutions	57,984	2,181	1,421	61,586	52,129	2,236	1,212	55,577
Loans and receivables due from customers	150,410	24,017	4,677	179,105	142,280	22,705	3,174	168,159
Held-to-maturity financial assets	10,943	0	0	10,943	10,139	20	0	10,159
Investments in associates	1,267	682	566	2,514	1,139	912	559	2,609
LIABILITIES								
Cash, central banks, post office banks	0	59	0	59	0	460	0	460
Financial liabilities at fair value through profit or loss	15,702	479	170	16,351	29,722	500	133	30,354
Hedging derivative instruments	6,445	207	18	6,670	3,546	241	27	3,814
Due to credit institutions	20,595	9,698	5,044	35,336	9,818	5,209	4,700	19,727
Due to customers	119,624	27,912	638	148,174	118,208	25,498	686	144,392
Debt securities	98,534	2,352	4,358	105,245	91,909	1,638	4,410	97,957

** USA, Singapore, Tunisia and Morocco*

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

	Dec. 31, 2014				Dec. 31, 2013			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income (expense)	6,405	1,855	196	8,456	6,258	1,919	181	8,358
General operating expenses	-3,796	-1,366	-87	-5,249	-3,746	-1,320	-79	-5,145
Gross operating income	2,609	488	109	3,206	2,512	598	102	3,213
Net additions to/reversals from provisions for loan losses	-586	-236	74	-748	-662	-280	-2	-943
Net gain (loss) on disposal of other assets**	67	18	-18	67	4	13	9	26
Net income before tax	2,090	270	165	2,525	1,854	332	109	2,295
Net income	1,376	200	125	1,701	1,141	266	77	1,484
Net income attributable to the Group	1,101	149	134	1,384	913	216	83	**1,211**

** USA, Singapore, Tunisia and Morocco*

** In 2014, 26% 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 - Consolidation scope

3a - Scope of consolidation

The Group's parent company is Banque Federative du Credit Mutuel.

	Country	Dec. 31, 2014 Percent control	Dec. 31, 2014 Percent interest	Dec. 31, 2014 Method *	Dec. 31, 2013 Percent control	Dec. 31, 2013 Percent interest	Dec. 31, 2013 Method *
A. Banking network							
Banque Européenne du Crédit Mutuel (BECM)	France	96	96	FC	96	96	FC
BECM Frankfurt (a branch of BECM)	Germany	100	96	FC	100	96	FC
BECM Saint Martin (a branch of BECM)	Saint Martin	100	96	FC	100	96	FC
CIC Est	France	100	94	FC	100	93	FC
CIC Iberbanco	France	100	100	FC	100	100	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	93	93	FC
CIC London (a branch of CIC)	UK	100	94	FC	100	93	FC
CIC New York (a branch of CIC)	United States	100	94	FC	100	93	FC
CIC Singapore (a branch of CIC)	Singapore	100	94	FC	100	93	FC
Targobank AG & Co. KgaA	Germany	100	100	FC	100	100	FC
Targobank Spain	Spain	50	50	EM	50	50	EM
B. Banking network - subsidiaries							
Banca Popolare di Milano	Italy			NC	7	6	EM
Bancas	France	50	50	EM	50	50	EM
Banco Popular Español	Spain	4	4	EM	4	4	EM
Banque de Tunisie	Tunisia	34	34	EM	34	34	EM
Banque du Groupe Casino	France	50	50	EM	50	50	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	96	FC	100	96	FC

	Country	Dec. 31, 2014 Percent control	Dec. 31, 2014 Percent interest	Dec. 31, 2014 Method *	Dec. 31, 2013 Percent control	Dec. 31, 2013 Percent interest	Dec. 31, 2013 Method *
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	93	FC	99	92	FC
CM-CIC Epargne salariale	France	100	94	FC	100	93	FC
CM-CIC Factor	France	96	89	FC	96	89	FC
CM-CIC Gestion	France	100	73	FC	100	73	FC
CM-CIC Home Loan SFH	France	100	100	FC	100	100	FC
CM-CIC Lease	France	100	97	FC	100	96	FC
CM-CIC Leasing Benelux	Belgium	100	93	FC	100	92	FC
CM-CIC Leasing GmbH	Germany	100	93	FC	100	92	FC
Cofidis Argentina	Argentina			NC	66	36	FC
Cofidis Belgium	Belgium	100	55	FC	100	55	FC
Cofidis France	France	100	55	FC	100	55	FC
Cofidis Spain (a branch of Cofidis France)	Spain	100	55	FC	100	55	FC
Cofidis Hungary (a branch of Cofidis France)	Hungary	100	55	FC	100	55	FC
Cofidis Portugal (a branch of Cofidis France)	Portugal	100	55	FC	100	55	FC
Cofidis Italy	Italy	100	55	FC	100	55	FC
Cofidis Czech Republic	Czech Republic	100	55	FC	100	55	FC
Cofidis Slovakia	Slovakia	100	55	FC	100	55	FC
Creatis	France	100	55	FC	100	55	FC
FCT CMCIC Home loans	France	100	100	FC	100	100	FC
Fivory (formerly BCMI)	France	100	100	FC	100	100	FC
Monabanq	France	100	55	FC	100	55	FC
Monabanq Belgium (a branch of Monabanq)	Belgium			NC	100	55	FC
Saint-Pierre SNC	France			NC	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	55	FC
Sofim	France			MER	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							
Banque Fédérative du Crédit Mutuel Francfort (a branch of BFCM)	Germany	100	100	FC	100	100	FC
Cigogne Management	Luxembourg	100	96	FC	100	96	FC
CM-CIC Securities	France	100	94	FC	100	93	FC
CM-CIC Securities London Branch (a branch of CM-CIC Securities)	UK			NC	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			NC	100	93	FC
Ventadour Investissement	France	100	100	FC	100	100	FC
D. Private banking							
Agefor SA Genève	Switzerland			NC	70	65	FC
Banque de Luxembourg	Luxembourg	100	94	FC	100	93	FC
Banque Pasche	Switzerland	100	94	FC	100	93	FC
Banque Pasche (Liechtenstein) AG	Liechtenstein			NC	53	49	FC
Banque Transatlantique	France	100	94	FC	100	93	FC
Banque Transatlantique Belgium	Belgium	100	94	FC	100	93	FC
Banque Transatlantique London (a branch of BT)	UK	100	94	FC	100	93	FC
Banque Transatlantique Luxembourg	Luxembourg	100	94	FC	100	93	FC
Banque Transatlantique Singapore	Singapore	100	94	FC	100	93	FC
Calypso Management Company	Cayman Islands			NC	70	65	FC
CIC Switzerland	Switzerland	100	94	FC	100	93	FC
Dubly-Douilhet Gestion	France	100	94	FC	100	93	FC
LRM Advisory SA	Bahamas			NC	70	65	FC
Pasche Bank & Trust Ltd Nassau	Bahamas			NC	100	93	FC
Pasche Finance SA Fribourg	Switzerland	100	94	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil	97	91	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil	100	94	FC	97	90	FC
Serficom Family Office Inc	Bahamas			NC	100	93	FC
Serficom Family Office SA	Switzerland	100	94	FC	100	93	FC
Transatlantique Gestion	France	100	94	FC	100	93	FC
Trinity SAM (formerly Banque Pasche Monaco SAM)	Monaco	100	94	FC	100	93	FC
E. Private equity							
CM-CIC Capital et Participations	France	100	94	FC			
CM-CIC Capital Finance	France	100	94	FC	100	93	FC
CM-CIC Capital Innovation	France	100	94	FC	100	93	FC
CM-CIC Conseil	France	100	94	FC	100	93	FC
CM-CIC Investissement	France	100	94	FC	100	93	FC
CM-CIC Proximité	France	100	94	FC	100	93	FC
Sudinnova	France	66	62	FC	66	61	FC
F. Logistics and holding company services							
Adepi	France	100	94	FC	100	93	FC
Carmen Holding Investissement	France			MER	100	100	FC
CIC Migrations	France			NC	100	93	FC
CIC Participations	France	100	94	FC	100	93	FC
Cicor	France			NC	100	93	FC
Cicoval	France			NC	100	93	FC
CM Akquisitions	Germany	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	France	45	45	EM	45	46	EM
Cofidis Participations	France	55	55	FC	55	55	FC
Efsa	France			NC	100	93	FC
Est Bourgogne Rhone Alpes (EBRA)	France	100	100	FC	100	100	FC
Euro-Information	France	26	26	EM	26	25	EM
Euro Protection Surveillance	France	25	25	EM	25	25	EM
Gesteurop	France	100	94	FC	100	93	FC
Gestunion 2	France			NC	100	93	FC
Gestunion 3	France			NC	100	93	FC
		Dec. 31, 2014			Dec. 31, 2013		
	Country	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
Gestunion 4	France			NC	100	93	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	100	FC	100	100	FC
Impex Finance	France			NC	100	93	FC
L'Est Républicain	France	92	92	FC	92	92	FC
Marsovalor	France			NC	100	93	FC
Pargestion 2	France			NC	100	93	FC
Pargestion 4	France			NC	100	93	FC
Placinvest	France			NC	100	93	FC
SAP Alsace (formerly SFEJIC)	France	99	97	FC	99	97	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	100	FC
Sofiholding 2	France			NC	100	93	FC
Sofiholding 3	France			NC	100	93	FC
Sofiholding 4	France			NC	100	93	FC
Sofinaction	France			NC	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 IT Consulting GmbH Singapore (a branch of Targo IT Consulting GmbH)	Singapore	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			NC	100	93	FC
Ugépar Service	France			NC	100	93	FC
Valimar 2	France			NC	100	93	FC
Valimar 4	France			NC	100	93	FC
VTP 1	France			NC	100	93	FC
VTP 5	France			NC	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	60	FC	73	59	FC
Agrupació Bankpyme Pensiones	Spain	73	60	FC	73	59	FC
Agrupació Serveis Administratius	Spain	73	60	FC	73	59	FC
AMDIF	Spain	73	60	FC	73	59	FC
AMSYR	Spain	73	60	FC	73	59	FC
Assistencia Avançada Barcelona	Spain	73	60	FC	73	59	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	72	FC
Serenis Vie	France	100	72	FC	100	72	FC
Voy Mediación	Spain	90	64	FC	90	63	FC
H. Other companies							
Affiches D'Alsace Lorraine	France	100	98	FC	100	98	FC
Agence Générale d'informations régionales	France			NC	100	98	FC
Alsace Média Participation	France	100	98	FC	100	98	FC
Alsacienne de Portage des DNA	France	100	98	FC	100	98	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
Foncière Massena	France	100	72	FC	100	72	FC
France Régie	France	100	98	FC	100	98	FC
GEIE Synergie	France	100	55	FC	100	55	FC
Groupe Dauphiné Media (formerly Publiprint Dauphiné)	France	100	100	FC	100	100	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
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			MER	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	100	98	FC
Les Dernières Nouvelles de Colmar	France	100	98	FC	100	98	FC
Les Editions de l'Echiquier	France			MER	100	97	FC
Lumedia	Luxembourg	50	50	EM	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
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			MER	100	97	FC
SCI ACM	France	87	62	FC	87	62	FC
SCI Alsace	France			MER	90	87	FC
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	100	FC	100	100	FC

* Method:
FC = full consolidation
PC = proportional consolidation
EM = equity method
NC = not consolidated

3b - Information on geographic locations included in the consolidation scope

Article 7 of law No. 2013-672 of July 26, 2013 of the French Monetary and Financial Code, amending Article L. 511-45, requires that credit institutions publish information on their entities and activities in every state or territory. The country in which each entity is located is mentioned in the consolidation scope. 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 January 17, 2014.

Country	Net banking income	Profit/loss before tax	Current tax	Deferred tax	Other taxes	Number of employees	Government subsidies
Germany	937	30	-4	6	-57	6,960	0
Bahamas	0	0	0	0	0	9	0
Belgium	130	41	-7	3	-8	543	0
Brazil	1	0	0	0	0	2	0
Spain	235	105	-25	2	-8	1,284	0
United States	128	169	-9	-29	-4	84	0
France	6,402	3,081	-678	-37	-957	28,183	0
Hungary	17	2	0	0	-1	153	0
Cayman Islands	1	1	0	0	0	0	0
Italy	26	-11	0	0	0	138	0
Liechtenstein	0	0	0	0	0	13	0
Luxembourg	263	119	-18	-2	-16	775	0
Morocco	0	-33	0	0	0	0	0
Monaco	2	1	0	0	0	9	0
Portugal	109	53	-15	0	-3	399	0
Czech Republic	8	-1	0	0	-1	152	0
UK	42	38	-9	1	-2	49	0
Saint Martin	2	0	0	0	0	7	0
Singapore	66	20	-2	0	-2	214	0
Slovakia	0	-1	0	0	0	2	0
Switzerland	87	3	-1	0	-12	350	0
Tunisia	0	15	0	0	0	0	0
Total	**8,456**	**3,632**	**-768**	**-56**	**-1,071**	**39,326**	**0**

3c - Fully-consolidated entities with significant minority interests

Dec. 31, 2014	Share of minority interests in the consolidated financial statements				Financial information related to fully-consolidated entities*			
	Percentage owned	Net income	Amount in shareholders' equity	Dividends paid to minority shareholders	Total assets	OCI reserves	Net banking income	Net income
Groupe des Assurances du Crédit Mutuel (GACM)	28%	195	2,128	-74	87,201	1,123	1,545	645
Cofidis Belgium	45%	9	299	0	777	-2	97	19
Cofidis France	45%	9	325	0	5,757	-4	522	29

* Amounts before elimination of accounts and intercompany transactions

Dec. 31, 2013	Share of minority interests in the consolidated financial statements				Financial information related to fully-consolidated entities*			
	Percentage owned	Net income	Amount in shareholders' equity	Dividends paid to minority shareholders	Total assets	OCI reserves	Net banking income	Net income
Groupe des Assurances du Crédit Mutuel (GACM)	28%	170	1,904	-74	77,349	587	1,338	563
Cofidis Belgium	45%	11	287	0	742	-1	97	23
Cofidis France	45%	11	337	0	5,893	-1	521	32

* Amounts before elimination of accounts and intercompany transactions

3d -Investments in non-consolidated structured entities

The group works with non-consolidated structured entities as part of its activities and to meet the needs of its clients.
The main categories of non-consolidated structured sponsored entities are as follows:
- ABCP securitization conduit:

The group owns a conduit, General Funding Ltd., tasked with using treasury bills to refinance clients' securitization transactions. The group serves as a sponsor for the conduit and provides it with guarantees for its treasury bill investments. One transaction was in progress on December 31, 2014.
- Asset financing:

The group grants loans to structured entities solely for the purpose of the latter holding assets for lease, and using the related lease payments to repay its borrowings. These entities are dissolved when the financing operation is completed. The group is generally the sole shareholder.
For these two categories, the maximum loss exposure on the structured entities corresponds to the book value of the asset financed by the structured entity.
- Undertakings for collective investment or funds:

The group operates as an asset manager and custodian. It proposes funds to clients in which it does not invest itself. It markets and manages these funds, which may be dedicated or public, for which it receives a fee.
For certain funds that offer guarantees to unitholders or shareholders, the group may act as counterparty for implemented swap transactions. In exceptional cases where the group acts as both manager and investor and is required to operate firstly on a proprietary basis, the entity concerned is included in the consolidation scope.
An interest in a non-consolidated structured entity, whether or not on a contractual basis, exposes the group to fluctuations in income associated with the entity's performance.
The group's risk is primarily an operational risk of negligence in the performance of its management or custodial mandate and, where relevant, includes risk exposure in the amount of the sums invested.
No financial resources were granted to the group's structured entities during the financial year.

Dec. 31, 2014	Securitization vehicles (SPV)	Asset management (UCITS/SCPI)*	Other structured entities **
Total assets	0	591	1,831
Carrying amount of financial assets	0	520	702

* The amounts indicated relate to UCITS in which the group owns at least a stake of 30% and for which it performs asset management, excluding units of account held by insured parties.

** Other structured entities correspond to asset financing entities.

NOTE 4 - Cash and amounts due from central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2014	Dec. 31, 2013
Cash and amounts due from central banks		
Due from central banks	22,581	14,130
including reserve requirements	1,534	1,396
Cash	760	640
Total	**23,341**	**14,770**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts(1)	5,008	4,831
Other current accounts	4,848	3,789
Loans	40,486	41,528
Other receivables	610	668
Securities not listed in an active market	1,494	1,812
Resale agreements	8,833	2,615
Individually impaired receivables	3	8
Accrued interest	306	330
Impairment provisions	-3	-4
Total	**61,586**	**55,577**

(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, 2014	Dec. 31, 2013
Due to central banks	59	460
Due to credit institutions		
Crédit Mutuel network accounts	0	0
Other current accounts	1,828	3,998
Borrowings	15,132	14,520
Other debt	166	161
Resale agreements	18,161	992
Accrued interest	50	56
Total	**35,395**	**20,188**

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, 2014			Dec. 31, 2013		
	Held for trading	Fair value option	Total	Held for trading	Fair value option	Total
Securities	10,161	13,685	23,846	10,986	13,570	24,555
- Government securities	2,668	1	2,669	1,764	1	1,765
- Bonds and other fixed-income securities	6,759	2,501	9,259	8,685	2,795	11,480
. Quoted	*6,759*	*2,210*	*8,969*	*8,685*	*2,476*	*11,160*
. Not quoted	*0*	*290*	*290*	*0*	*319*	*319*
- Equities and other variable-income securities	734	11,184	11,918	537	10,774	11,311
. Quoted	*734*	*9,352*	*10,086*	*537*	*9,038*	*9,575*
. Not quoted	*0*	*1,832*	*1,832*	*0*	*1,736*	*1,736*
. Trading derivative instruments	5,338	0	5,338	6,176	0	6,176
. Other financial assets		21	21		10,571	10,571
including resale agreements (1)		*21*	*21*		*10,571*	*10,571*
TOTAL	**15,499**	**13,707**	**29,206**	**17,162**	**24,141**	**41,302**

(1) Resale agreements are recognized under loans as of 2014 (cf. note 8 - Loans and receivables due from customers)

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

	Dec. 31, 2014	Dec. 31, 2013
Financial liabilities held for trading	9,299	10,849
Financial liabilities at fair value by option through profit or loss	7,052	19,505
TOTAL	**16,351**	**30,354**

Financial liabilities held for trading

	Dec. 31, 2014	Dec. 31, 2013
Short selling of securities	3,401	1,810
- Government securities	2	0
- Bonds and other fixed-income securities	2,440	1,192
- Equities and other variable-income securities	959	617
. Debt representing securities given through repurchase agreements		
. Trading derivative instruments	5,709	8,204
. Other financial liabilities held for trading	189	836
TOTAL	**9,299**	**10,849**

Financial liabilities at fair value by option through profit or loss

	Dec. 31, 2014			Dec. 31, 2013		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	0	0	0	184	184	0
. Subordinated debt	0	0	0	0	0	0
. Interbank liabilities	6,951	6,951	0	17,034	17,034	0
. Due to customers	101	101	0	2,287	2,287	0
Total	**7,052**	**7,052**	**-0**	**19,505**	**19,505**	**0**

Own credit risk is deemed immaterial.

5c - Fair value hierarchy Dec. 31, 2013

Dec. 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	87,847	1,386	2,057	91,290
- Government and similar securities - AFS	21,904	66	131	22,101
- Bonds and other fixed-income securities - AFS	58,076	1,173	797	60,046
- Equities and other variable-income securities - AFS	6,546	77	192	6,815
- Investments in non-consolidated companies and other LT investments - AFS	1,211	54	574	1,839
- Investments in associates - AFS	110	16	363	489
Held for trading / Fair value option (FVO)	19,611	6,995	2,600	29,206
- Government and similar securities - Held for trading	2,342	326	0	2,668
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	5,109	1,437	213	6,759
- Bonds and other fixed-income securities - FVO	2,069	134	298	2,501
- Equities and other variable-income securities - Held for trading	728	0	6	734
- Equities and other variable-income securities - FVO	9,276	443	1,465	11,184
- Loans and receivables due from credit institutions - FVO	0	0	0	0
- Loans and receivables due from customers - FVO	0	21	0	21
- Derivative instruments and other financial assets - Held for trading	85	4,639	614	5,338
Hedging derivative instruments	0	5,814	117	5,931
Total	**107,457**	**14,200**	**4,770**	**126,427**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	3,463	12,322	566	16,351
- Due to credit institutions - FVO	0	6,951	0	6,951
- Due to customers - FVO	0	101	0	101
- Debt securities - FVO	0	0	0	0
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	3,463	5,270	566	9,299
Hedging derivative instruments	0	6,571	99	6,670
Total	**3,463**	**18,893**	**665**	**23,021**

Dec. 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	76,838	875	1,366	79,079
- Government and similar securities - AFS	20,937	0	0	20,937
- Bonds and other fixed-income securities - AFS	48,867	830	410	50,107
- 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	18,360	2,434	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	5,964	159	6,176
Hedging derivative instruments	0	3,767	3	3,770
Total	**97,347**	**23,007**	**3,798**	**124,152**
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,689	27,512	153	30,354
- Due to credit institutions - FVO	0	17,034	0	17,034
- 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	142	10,849
Hedging derivative instruments	0	3,805	9	3,814
Total	**2,689**	**31,328**	**151**	**34,168**

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.
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 the fair value of over-the-counter derivatives. The methods used may change over time. The latter includes proprietary counterparty risk associated with the fair value of 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, 2014	Purchases	Sales	Gains and losses recognized in profit	Other movements	Dec. 31, 2014
- Equities and other variable-income securities - FVO	1,476	256	-264	99	-102	1,465

5d - Offsetting financial assets and financial liabilities

Dec. 31, 2014	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	11,269	0	11,269	-2,898	0	-3,312	5,058
Resale agreements	15,928	0	15,928	0	-14,858	-365	705
Total	**27,197**	**0**	**27,197**	**-2,898**	**-14,858**	**-3,677**	**5,763**

Dec. 31, 2014	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	12,375	0	12,375	-2,857	0	-6,545	2,974
Resale agreements	28,735	0	28,735	0	-28,439	-315	-19
Total	**41,110**	**0**	**41,110**	**-2,857**	**-28,439**	**-6,860**	**2,955**

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	9,946	0	9,946	-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	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	1,522
Resale agreements	20,287	0	20,287	0	-19,488	-787	12
Total	**32,301**	**0**	**32,301**	**-4,922**	**-19,488**	**-6,357**	**1,534**

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, 2014 Assets	Dec. 31, 2014 Liabilities	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities
. Cash flow hedges	3	1	4	11
. Fair value hedges (change in value recognized through profit or loss)	5,927	6,669	3,766	3,803
TOTAL	**5,931**	**6,670**	**3,770**	**3,814**

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, 2014	Fair value Dec. 31, 2013	Change in fair value
Fair value of interest-risk by investment category			
. financial assets	599	563	37
. financial liabilities	-1,364	-1,251	-113

6c - Analysis of derivative instruments

	Dec. 31, 2014			Dec. 31, 2013		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
Swaps	166,926	3,788	4,040	230,854	4,748	6,570
Other forward contracts	23,459	8	6	13,022	5	1
Options and conditional transactions	18,926	157	282	24,940	112	238
Foreign exchange derivative instruments						
Swaps	97,397	58	49	75,932	21	42
Other forward contracts	190	387	338	71	341	325
Options and conditional transactions	20,679	97	98	22,393	54	54
Derivative instruments other than interest-rate and foreign exchange						
Swaps	14,029	106	157	13,276	109	180
Other forward contracts	2,190	0	0	1,572	0	0
Options and conditional transactions	17,102	737	739	27,183	785	795
Sub-total	**360,899**	**5,338**	**5,709**	**409,242**	**6,176**	**8,204**
Hedging derivative instruments						
Fair value hedges						
Swaps	116,724	5,927	6,669	76,197	3,766	3,803
Other forward contracts	261	0	0	0	0	0
Options and conditional transactions	1	0	0	1	0	0
Cash flow hedges						
Swaps	0	3	1	217	4	8
Other forward contracts	0	0	0	0	0	3
Options and conditional transactions	0	0	0	0	0	0
Sub-total	**116,985**	**5,931**	**6,670**	**76,415**	**3,770**	**3,814**
Total	**477,885**	**11,269**	**12,379**	**485,657**	**9,946**	**12,017**

The CVA (credit value adjustment) and DVA (debt value adjustment) involve a reduction of proprietary credit risk and at December 31, 2014 amounted to -€36 million (€24 million on December 31, 2013) and €3 million (zero on December 31, 2013) respectively. The FVA (funding value adjustment), which corresponds to costs or earnings linked to the financing of certain unhedged derivative instruments, amounted to -€19 million on December 31, 2014 (-€10 million on December 31, 2013).

Note 7 - Available-for-sale financial assets

7a - Available-for-sale financial assets

	Dec. 31, 2014	Dec. 31, 2013
. Government securities	21,976	20,802
. Bonds and other fixed-income securities	59,930	49,998
- Listed	59,602	49,780
- Unlisted	328	219
. Equities and other variable-income securities	6,815	6,282
- Listed	6,634	6,145
- Unlisted	181	137
. Long-term investments	2,083	1,742
- Investments in non-consolidated companies	1,521	1,274
- Other long-term investments	182	133
- Investments in associates	380	335
- Securities lent	1	1
- Current account advances related to non-performing SCI	0	0
. Accrued interest	486	254
TOTAL	**91,290**	**79,078**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*645*	*99*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*945*	*761*
Including impairment of bonds and other fixed-income securities	*-82*	*-80*
Including impairment of equities and other variable-income securities and long-term investments	*-1,804*	*-1,814*

7b - List of main investments in non-consolidated companies

		% held	Shareholders' equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,514	10,260	212	74
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	312	53,134	4	1
Foncière des Régions	Quoted	< 10%	7,215	17,181	765	512
Veolia Environnement	Quoted	< 5%	9,683	36,242	22,315	-22

The figures above (excluding the percentage of interest) relate to 2013.

7c - Exposure to sovereign risk

Countries benefiting from aid packages

*Net exposure**	Dec. 31, 2014		Dec. 31, 2013	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss	39		7	
Available-for-sale financial assets	67	101	63	102
Held-to-maturity financial assets				
TOTAL	**106**	**101**	**70**	**102**

** Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.*

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year	6		13	
1 to 3 years	2			
3 to 5 years	50	89	50	
5 to 10 years	39	5	2	94
> 10 years	8	7	5	8
Total	**106**	**101**	**70**	**102**

Other sovereign risk exposures in the banking portfolio

Net exposure	Dec. 31, 2014		Dec. 31, 2013	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	139	73	248	14
Available-for-sale financial assets	195	1,028	46	3,370
Held-to-maturity financial assets				
TOTAL	**334**	**1,101**	**294**	**3,384**

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	76	351	181	2,225
1 to 3 years	167	192	101	379
3 to 5 years	17	389	4	349
5 to 10 years	34	50	0	198
> 10 years	40	119	8	233
Total	**334**	**1,101**	**294**	**3,384**

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2014	Dec. 31, 2013
Performing loans	166,093	155,910
. Commercial loans	4,951	4,817
. Other customer loans	160,037	150,215
- Home loans	66,461	65,721
- Other loans and receivables, including repurchase agreements	93,576	84,495
. Accrued interest	527	302
. Securities not listed in an active market	578	576
Insurance and reinsurance receivables	206	198
Individually impaired receivables	10,501	10,341
Gross receivables	**176,801**	**166,449**
Individual impairment	-6,595	-6,773
Collective impairment	-591	-583
SUB-TOTAL I	**169,615**	**159,093**
Finance leases (net investment)	9,617	9,202
. Furniture and movable equipment	5,569	5,385
. Real estate	3,720	3,469
. Individually impaired receivables	327	348
Impairment provisions	-127	-137
SUB-TOTAL II	**9,490**	**9,065**
TOTAL	**179,105**	**168,159**
of which non-voting loan stock	*12*	*12*
of which subordinated notes	*27*	*18*

Finance leases with customers

	Dec. 31, 2013	Acquisition	Sale	Other	Dec. 31, 2014
Gross carrying amount	9,202	1,148	-754	21	9,617
Impairment of irrecoverable rent	-137	-20	29	1	-127
Net carrying amount	9,065	1,128	-725	22	9,490

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	2,761	4,983	2,105	9,849
Present value of future lease payments	2,619	4,818	2,096	9,533
Unearned finance income	**142**	**165**	**9**	**316**

8b - Amounts due to customers

	Dec. 31, 2014	Dec. 31, 2013
. Regulated savings accounts	41,252	39,661
- demand	30,807	30,065
- term	10,445	9,597
. Accrued interest	2	1
Sub-total	**41,254**	**39,662**
. Current accounts	59,919	54,701
. Term deposits and borrowings	42,606	49,261
. Resale agreements	3,825	166
. Accrued interest	475	510
. Insurance and reinsurance payables	96	91
Sub-total	**106,920**	**104,730**
TOTAL	**148,174**	**144,392**

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2014	Dec. 31, 2013
Securities	10,956	10,174
- Government securities	0	0
- Bonds and other fixed-income securities	10,956	10,174
. Quoted	10,923	10,148
. Not quoted	34	26
. Translation	0	0
. Accrued interest	1	1
GROSS TOTAL	**10,957**	**10,175**
of which impaired assets	*23*	*25*
Impairment provisions	-15	-16
NET TOTAL	**10,943**	**10,159**

NOTE 10 - Movements in impairment provisions

	Dec. 31, 2013	Additions	Reversals	Other	Dec. 31, 2014
Loans and receivables due from credit institutions	-4	0	1	0	-3
Loans and receivables due from customers	-7,492	-1,160	1,355	-17	-7,313
Available-for-sale securities	-1,895	-62	88	-17	-1,886
Held-to-maturity securities	-16	0	2	0	-15
Total	**-9,407**	**-1,221**	**1,447**	**-34**	**-9,216**

At December 31, 2014, provisions on loans and receivables due from customers amounted to €7,313 million (versus €7,492 million at end-2013), of which €591 million in collective provisions. Individual provisions relate mainly to ordinary accounts in debit for €620 million (€673 million at end-2013) and to provisions on commercial receivables and other receivables (including home loans) for €5,975 million (€6,099 million at end- 2013).

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 €5.5 billion from the available-for-sale portfolio into the loans and receivables portfolio. No further transfers have been made since that date.

	Dec. 31, 2014		Dec. 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	1,669	1,755	2,109	2,193
AFS portfolio	2,681	2,656	4,685	4,684

	Dec. 31, 2014	Dec. 31, 2013
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	122	-97
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	-432	154
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	343	19

NOTE 12 - Exposures affected by the financial crisis

In accordance with the request by the banking supervisor and market regulator, significant exposures are presented below based on the recommendations of the FSB.
The trading and AFS 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, 2014	Carrying amount Dec. 31, 2013
RMBS	2,012	1,919
CMBS	605	558
CLO	1,246	1,462
Other ABS	1,242	734
Sub-total	***5,105***	*4,672*
RMBS hedged by CDS	62	0
CLO hedged by CDS	142	476
Other ABS hedged by CDS	0	22
Liquidity facilities for ABCP programs	199	303
TOTAL	**5,508**	5,474

Unless otherwise stated, securities are not covered by CDS.

Exposures at 12/31/2014	RMBS	CMBS	CLO	Other ABS	Total
Trading	413	386	151	151	1,101
AFS	888	219	726	942	2,775
Loans	712		368	149	1,229
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
France	16			367	383
Spain	72		13	38	122
United Kingdom	211			144	355
Europe excluding France, Spain and United Kingdom	837	59	692	678	2,266
USA	849	546	331	16	1,742
Rest of the world	27		210		237
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
US Agencies	346				346
AAA	779	532	1,126	874	3,311
AA	72		29	188	289
A	217	14	72	109	411
BBB	60	59	9	55	182
BB	30		4		33
B or below	509			16	525
Not rated			8		8
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
Originating 2005 or before	239	354	8	5	605
Originating 2006-2008	950	251	394	61	1,656
Originating 2009-2011	315			54	369
Originating 2012-2014	509		844	1,122	2,475
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**

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	1008	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		7.75		8
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**
Originating 2005 or before	315	362	18	12	707
Originating 2006-2008	905	186	949	63	2,103
Originating 2009-2011	382			54	436
Originating 2012-2014	318	10	494	605	1,426
TOTAL	**1,919**	**558**	**1,462**	**734**	**4,672**

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2014	Dec. 31, 2013
Asset (through income statement)	649	709
Liability (through income statement)	354	330

13b - Deferred income tax

	Dec. 31, 2014	Dec. 31, 2013
Asset (through income statement)	642	632
Asset (through shareholders' equity)	161	121
Liability (through income statement)	542	490
Liability (through shareholders' equity)	621	361

Breakdown of deferred income tax by major categories

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
. Temporary differences on:				
- Deferred gains (losses) on available-for-sale securities	161	621	121	361
- Impairment provisions	413		380	
- Unrealized finance lease reserve		245		207
- Earnings of fiscally transparent (pass-through) companies		0		0
- Remeasurement of financial instruments	807	778	643	610
- Accrued expenses and accrued income	106	42	97	22
- Tax losses(1)(2)	59		38	
- Insurance activities	30	226	30	173
- Other timing differences	59	84	26	60
. Netting	-833	-833	-582	-582
Total deferred tax assets and liabilities	803	1,163	754	851

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 2015 and 34.43% for subsequent years.
(1) Of which, in respect of the United States: €25 million at December 31, 2014 and at December 31, 2013.
(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, 2014	Dec. 31, 2013
Accruals - assets		
Collection accounts	400	239
Currency adjustment accounts	333	4
Accrued income	370	428
Other accruals	2,478	2,739
Sub-total	**3,580**	**3,410**
Other assets		
Securities settlement accounts	89	105
Guarantee deposits paid	6,998	6,002
Miscellaneous receivables	2,871	2,924
Inventories	17	13
Other	-2	52
Sub-total	**9,974**	**9,097**
Other insurance assets		
Technical reserves - reinsurers' share	264	265
Other expenses	90	88
Sub-total	**353**	**353**
Total	**13,908**	**12,860**

14b - Accruals and other liabilities

	Dec. 31, 2014	Dec. 31, 2013
Accruals - liabilities		
Accounts unavailable due to collection procedures	99	129
Currency adjustment accounts	4	188
Accrued expenses	705	701
Deferred income	697	651
Other accruals	4,423	4,692
Sub-total	**5,928**	**6,361**
Other liabilities		
Securities settlement accounts	474	114
Outstanding amounts payable on securities	77	74
Other payables	4,728	2,807
Sub-total	**5,280**	**2,995**
Other insurance liabilities		
Deposits and guarantees received	179	182
Other	0	0
Sub-total	**179**	**182**
Total	**11,387**	**9,538**

NOTE 15 - Investments in associates

Equity value and share of net income (loss)

				Dec. 31, 2014			
		Country	Percent interest	Investment value	Share of net income (loss)	Dividends received	Investments in joint ventures
Entities over which significant influence is exercised							
ACM Nord	Unlisted	France	49.00%	36	10	6	NC
ASTREE Assurance	Quoted	Tunisia	30.00%	18	2	1	28
Banca Popolare di Milano	Quoted	Italy	NC	0	61	0	NC
Banco Popular Español	Quoted	Spain	4.03%	496	2	5	352
Banque de Tunisie	Quoted	Tunisia	33.79%	170	13	6	238
Banque Marocaine du Commerce Extérieur	Quoted	Morocco	26.21%	964	38	15	943
CMCP	Unlisted	France	45.05%	1	-1	8	NC
Euro Information	Unlisted	France	26.36%	264	18	1	NC
Euro Protection Surveillance	Unlisted	France	25.00%	11	4	0	NC
RMA Watanya	Unlisted	Morocco	22.02%	79	-71	13	NC
Royal Automobile Club de Catalogne	Unlisted	Spain	48.99%	46	3	2	NC
SCI Treflière	Unlisted	France	46.09%	10	0	0	NC
Other	Unlisted			2	1	0	NC
TOTAL (1)				**2,097**	**81**	**56**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	0	0	NC
Banque Casino	Unlisted	France	50.00%	74	-3	0	NC
Targobank Spain	Unlisted	Spain	50.00%	343	8	0	NC
TOTAL (2)				**417**	**5**	**0**	
TOTAL (1) + (2)				**2,514**	**87**	**56**	

NC: not communicated

				Dec. 31, 2013			
		Country	Percent interest	Investment value	Share of net income (loss)	Dividends received	Investments in joint ventures
Entities over which significant influence is exercised							
ACM Nord	Unlisted	France	49.00%	28	6	4	NC
ASTREE Assurance	Quoted	Tunisia	30.00%	16	2	1	27
Banca Popolare di Milano	Quoted	Italy	6.87%	103	-47	0	100
Banco Popular Español	Quoted	Spain	4.41%	484	16	0	365
Banque de Tunisie	Quoted	Tunisia	33.52%	159	12	4	206
Banque Marocaine du Commerce Extérieur	Quoted	Morocco	26.21%	940	35	12	855
CMCP	Unlisted	France	45.05%	5	0	0	NC
Euro Information	Unlisted	France	26.36%	245	21	1	NC
Euro Protection Surveillance	Unlisted	France	25.00%	7	4	0	NC
RMA Watanya	Unlisted	Morocco	22.02%	151	-39	13	NC
Royal Automobile Club de Catalogne	Unlisted	Spain	48.99%	45	4	2	NC
SCI Treflière	Unlisted	France	46.09%	11	0	1	NC
Other	Unlisted			2	1	0	NC
TOTAL (1)				**2,196**	**13**	**38**	
Joint ventures							
Bancas	Unlisted	France	50.00%	1	-1	0	NC
Banque Casino	Unlisted	France	50.00%	76	0	0	NC
Targobank Spain	Unlisted	Spain	50.00%	336	10	0	NC
TOTAL (2)				**413**	**9**	**0**	
TOTAL (1) + (2)				**2,609**	**22**	**38**	

NC: not communicated

Banca Popolare di Milano S.C.a.r.l. (BPM):

Banca Popolare di Milano was sold during the first half of 2014. Net income of €61 million includes:

- The share in BPM's first-quarter results of -€7 million, and
- The proceeds from the sale, net of reversals of provisions for impairment, of €68 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 investment in BPE underwent an impairment test on December 31, 2014. 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 5.2% 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 0.9%. These two sensitivity analyses do not, however, call into question the equity-accounted value recognized in the Group's consolidated financial statements.

Financial data published by the major associates

			Dec. 31, 2014			
	Total assets	NBI or revenue	Operating income before provisions	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	182	149	25	16	4	67
ASTREE Insurance(1)(2)	414	118	17	12	53	153
Banco Popular Español	161,456	3,876	2,005	330	-133	12,670
Banque de Tunisie(1)(2)	3,826	180	90	74	NC*	579
Banque Marocaine du Commerce Extérieur(1)(3)	236,697	9,891	3,936	1,881	90	19,143
Euro Information (1)	932	919	124	76	0	784
Euro Protection Surveillance (1)	95	118	22	15	0	62
RMA Watanya(1)(3)	267,357	4,434	NC*	-676	3,008	5,317
Royal Automobile Club de Catalogne	181	127	10	7	0	84
Joint ventures						
Banque Casino	745	87	32	-1	0	72
Targobank Spain	2,359	97	39	16	3	319

*(1) 2013 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

			Dec. 31, 2013			
	Total assets	NBI or revenue	Operating income before provisions	Net income	OCI reserves	Shareholders' equity
Entities over which significant influence is exercised						
ACM Nord	165	142	18	12	2	56
ASTREE Insurance(1)(2)	388	109	14	11	45	138
Banca Popolare di Milano(1)	52,475	1,550	-1,183	-435	42	4,486
Banco Popular Español	146,709	3,551	1,828	252	-350	11,476
Banque de Tunisie(1)(2)	3,745	161	83	63	NC*	535
Banque Marocaine du Commerce Extérieur(1)(3)	230,889	9,017	3,581	1,579	63	18,415
Euro Information (1)	842	845	114	75	0	711
Euro Protection Surveillance (1)	77	109	17	12	0	47
RMA Watanya(1)(3)	261,296	4,670	NC*	-1,205	2,265	6,171
Royal Automobile Club de Catalogne	192	123	11	8	0	80
Joint ventures						
Banque Casino	650	78	23	1	0	73
Targobank Spain	2,414	94	44	19	1	305

*(1) 2012 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams *NC: not communicated*

NOTE 16 - Investment property

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost (1)	1,821	214	-3	107	2,138
Depreciation, amortization and impairment	-233	-36	2	-4	-271
Net amount	**1,587**	**179**	**-2**	**103**	**1,867**

(1) Other movements of €107 million include a reclassification from intangible assets to investment property in the amount of €95 million.

The fair value of investment property recognized at amortized costs was €2,232 million at December 31, 2014.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost					
Land used in operations	397	1	-10	0	388
Buildings used in operations	2,819	69	-31	11	2,869
Other property and equipment	1,223	108	-71	-19	1,241
Total	**4,439**	**178**	**-111**	**-8**	**4,499**
Accumulated depreciation and impairment provisions					
Land used in operations	-2	0	0	0	-2
Buildings used in operations	-1,606	-119	17	-15	-1,723
Other property and equipment	-971	-56	42	15	-969
Total	**-2,578**	**-175**	**60**	**0**	**-2,694**
Net amount	**1,861**	**3**	**-51**	**-7**	**1,805**

17b - Intangible assets

	Dec. 31, 2013	Additions	Disposals	Other movements	Dec. 31, 2014
Historical cost					
. Internally developed intangible assets	16	0	0	0	16
. Purchased intangible assets	1,552	57	-92	-73	1,444
- software	476	20	-9	0	487
- other (1)	1,076	37	-83	-73	957
Total	**1,568**	**57**	**-92**	**-73**	**1,460**
Accumulated depreciation and impairment provisions					
. Internally developed intangible assets					
. Purchased intangible assets	-629	-112	64	25	-652
- software	-352	-58	9	0	-401
- other (2)	-277	-54	56	25	-251
Total	**-629**	**-112**	**64**	**25**	**-652**
Net amount	**939**	**-55**	**-28**	**-48**	**808**

(1) Other movements of -€73 million include a reclassification to investment property in the amount of -€95 million and a transfer of goodwill to intangible assets in the amount of €19 million.

(2) Other movements of €25 million include transfers of impairment on intangible assets to goodwill impairment in the amount of €38 million.

NOTE 18 - Goodwill

	Dec. 31, 2013	Additions	Disposals	Impairment losses/reversals	Other movements	Dec. 31, 2014
Goodwill, gross	4,155	6	-16		-17	4,127
Impairment provisions	-182	0		-21	-34	-236
Goodwill, net	**3,973**	**6**	**-16**	**-21**	**-52**	**3,891**

(1) Other movements of -€52 million include transfers of impairment on intangible assets to goodwill impairment in the amount of -€38 million and transfers of goodwill to intangible assets in the amount of -€15 million.

Subsidiaries	Goodwill as of Dec. 31, 2013	Additions	Disposals	Impairment losses/reversals	Other movements	Goodwill as of Dec. 31, 2014
Targobank Germany	2,783					2,783
Crédit Industriel et Commercial (CIC)	506					506
Cofidis Participations	378				9	387
CIC Private Banking - Banque Pasche (1)	53		-16		-38	0
CM-CIC Investissement	21					21
Monabanq	17				-9	8
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other expenses	175	6		-21	-15	146
TOTAL	**3,973**	**6**	**-16**	**-21**	**-53**	**3,891**

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.

Future cash flows are discounted at a rate corresponding to the cost of capital, which is determined based on a long-term risk-free rate to which a risk premium is added. The risk premium is determined by observing the price sensitivity relative to the market for listed assets or by analyst estimates 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**
	Network bank	Network bank	Consumer credit
Capital cost	9.00%	9.75%	9.00%
Effect of 50 basis point increase in capital cost	-375	-37	-163
Effect of 1% decrease in future cash flows	-51	-6	-24

The impact of goodwill valuation on income is limited to 32 million based on worst-case assumptions.

NOTE 19 - Debt securities

	Dec. 31, 2014	Dec. 31, 2013
Retail certificates of deposit	219	199
Interbank instruments and money market securities	50,502	47,965
Bonds	53,193	48,521
Accrued interest	1,330	1,272
TOTAL	**105,245**	**97,957**

NOTE 20 - Technical reserves of insurance companies

	Dec. 31, 2014	Dec. 31, 2013
Life	64,397	57,808
Non-life	2,479	2,284
Unit of account	6,217	5,952
Other expenses	217	211
TOTAL	**73,310**	**66,256**
Of which deferred profit-sharing - liability	**8,616**	**5,480**
Deferred profit sharing - assets	**0**	**0**
Reinsurers' share of technical reserves	**264**	**265**
TOTAL - Net technical reserves	**73,046**	**65,991**

NOTE 21 - Provisions

	Dec. 31, 2013	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2014
Provisions for risks	**268**	**74**	**-40**	**-71**	**103**	**334**
Signature commitments	115	43	0	-38	0	120
Financing and guarantee commitments	1	0	0	0	0	1
On country risks	16	0	-16	0	0	0
Provision for taxes	39	12	-13	-13	14	39
Provisions for claims and litigation	71	16	-6	-16	-7	58
Provision for risks on miscellaneous receivables (1)	26	3	-5	-4	96	116
Other provisions	**689**	**270**	**3**	**-31**	**3**	**934**
Provisions for home savings accounts and plans	24	5	0	0	0	29
Provisions for miscellaneous contingencies	334	114	-14	-7	18	445
Other provisions(2)	331	151	17	-24	-15	460
Provision for retirement benefits	**589**	**51**	**-7**	**-3**	**152**	**782**
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	461	38	-2	-1	141	637
Supplementary retirement benefits	65	5	-4	0	-2	63
Long service awards (other long-term benefits)	45	5	0	-1	1	50
Sub-total recognized	571	48	-7	-3	141	750
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls(3)	18	3	0	0	11	32
Fair value of assets						
Sub-total recognized	18	3	0	0	11	32
Total	**1,546**	**395**	**-44**	**-105**	**259**	**2,050**

Assumptions used	**2014**	**2013**
Discount rate(4)	1.7%	3.0%
Annual increase in salaries(5)	Minimum 1.2%	Minimum 1.4%

(1) Provisions for risks on miscellaneous receivables mainly concern the subsidiaries that sold shares in BPM and were deconsolidated from CIC.

(2) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €297 million.

(3) The provisions for pension fund shortfalls relate to entities located abroad.

(4) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the Iboxx index.

(5) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movements in provision for retirement bonuses

	Dec. 31, 2013	Dismounted 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, 2014
						demographic	financial					
Commitments	806	25	0	31	0	5	204	-33	0	0	-19	1,020
Non-Group insurance contract and externally managed assets	346	0	12	0	0	0	21	0	3	0	1	382
Provisions	461	25	-12	31	0	5	183	-32	-3	0	-19	638

	Dec. 31, 2012	Dismounted 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

A change of plus or minus 50 basis points in the discount rate would result in, respectively, a fall of €71 million / an increase of €81 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, 2013	Dismounted 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, 2014
Fair value of plan assets	485,963	2,648	51,037	15,398	2,746	25,011	-13,070	0	16,042	585,777

in € thousands	Fair value of assets Dec. 31, 2012	Dismounted 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

Details of the fair value of plan assets

	Dec. 31, 2014				Dec. 31, 2013			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	77%	18%	0%	4%	75%	19%	0%	4%
Assets not listed on an active market	0%	0%	1%	0%	0%	0%	1%	0%
Total	77%	18%	1%	4%	75%	19%	1%	4%

Provisions for signature risk on home savings accounts and plans

	Dec. 31, 2014	Dec. 31, 2013
Home savings plans		
Contracted less than 10 years ago	4,394	3,421
Contracted more than 10 years ago	2,821	3,111
Total	**7,215**	**6,532**
Amounts outstanding under home savings accounts	**594**	**618**
Total	**7,809**	**7,150**

Home savings loans	Dec. 31, 2014	Dec. 31, 2013
Balance of home savings loans giving rise to provisions for risks reported in assets	113	146

Provisions for home savings accounts and plans	**Jan. 1, 2013**	**Net additions/ reversals**	**Other movements**	**Dec. 31, 2012**
On home savings accounts	10			10
On home savings plans	10	6		16
On home savings loans	4	(1)		3
Total	**24**	**5**		**29**
Maturity analysis				
Contracted less than 10 years ago	0	4		4
Contracted more than 10 years ago	10	2		12
Total	**10**	**6**		**16**

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 individual customers. These products combine a stage of interest-bearing savings, which give right to a preferential housing loan in a second stage. 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, 2014	Dec. 31, 2013
Subordinated debt	4,935	3,971
Non-voting loan stock	26	28
Perpetual subordinated loan stock	2,111	2,862
Other debt	1	1
Accrued interest	70	49
TOTAL	**7,143**	**6,911**

Main subordinated debt issues

(in € millions)	Type	Issue date	Amount issued	Amount as of Dec. 31, 2014	Rate	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated note	Sept. 30, 2003	€800m	€792m	5.00	Sept. 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated note	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated note	Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated note	Oct. 22, 2010	€1,000m	€910m	4.00	Oct. 22, 2020
Banque Fédérative du Crédit Mutuel	Subordinated note	May 21, 2014	€1,000m	€1,000m	3.00	May 21, 2024
CIC	Non-voting loan stock	May 28, 1985	€137m	€12m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Loan	Dec. 28, 2005	€500m	€500m	(4)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Dec. 15, 2004	€750m	€750m	(5)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Feb. 25, 2005	€250m	€250m	(6)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	April 28, 2005	€404m	€393m	(7)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply subordinated note	Oct. 17, 2008	€147m	€147m	(8)	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) 1-year Euribor + 0.3 basis points.
(5) 10-year CMS ISDA CIC + 10 basis points.
(6) 10-year CMS ISDA + 10 basis points.
(7) Fixed-rate 4.471 until October 28, 2015 and thereafter 3-month Euribor + 185 basis points.
(8) 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, 2014	Dec. 31, 2013
. Capital stock and issue premiums	4,788	2,088
- Capital stock	1,573	1,329
- Issue premiums	3,215	759
. Consolidated reserves	11,570	10,462
- Regulated reserves	7	7
- Other reserves (including effects related to first-time application of standards)	11,568	10,459
- Retained earnings	-4	-4
. Net income for the year	1,384	1,211
TOTAL	**17,743**	**13,761**

23b - Unrealized or deferred gains and losses

	Dec. 31, 2014	Dec. 31, 2013
Unrealized or deferred gains and losses* relating to:		
. Available-for-sale financial assets		
- equities	825	803
- bonds	596	99
. Hedging derivative instruments (cash flow hedges)	-18	-24
. Actuarial gains and losses	-209	-132
. Translation adjustments	80	13
. Share of unrealized or deferred gains and losses of associates	15	-38
TOTAL	**1,289**	**722**
Attributable to the Group	*962*	*538*
Attributable to minority interests	*328*	*184*

** Net of tax.*

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

	Changes 2014	Changes 2013
Translation adjustments		
- Reclassification in income	0	0
- Other movements	67	-10
- Translation adjustment	*67*	*-10*
Remeasurement of available-for-sale financial assets		
- Reclassification in income	39	38
- Other movements	480	363
Remeasurement of available-for-sale financial assets	*519*	*401*
Remeasurement of hedging derivative instruments		
- Reclassification in income	0	0
- Other movements	6	75
Remeasurement of hedging derivatives	*6*	*75*
- Share of unrealized or deferred gains and losses of associates	53	19
Share of unrealized or deferred gains and losses of associates	*53*	*19*
TOTAL - Recyclable gains and losses	**644**	**484**
- Remeasurement of non-current assets	0	0
- Actuarial gains and losses on defined benefit plans	-77	9
TOTAL - Non-recyclable gains and losses	**-77**	**9**
Total gains and losses recognized directly in shareholders' equity	**567**	**493**

23d - Tax on components of gains and losses recognized directly in equity

	Changes 2014			Changes 2013		
	Gross amount	orporate income ta	Net amount	Gross amount	orporate income ta	Net amount
Translation adjustments	67		67	-10		-10
Remeasurement of available-for-sale financial assets	791	-272	519	505	-104	401
Remeasurement of hedging derivative instruments	9	-3	6	77	-3	75
Remeasurement of non-current assets	0		0	0		0
Actuarial gains and losses on defined benefit plans	-118	41	-77	12	-3	9
Share of unrealized or deferred gains and losses of associates	53		53	19		19
Total gains and losses recognized directly in shareholders' equity	**802**	**-235**	**567**	**602**	**-110**	**493**

NOTE 24 - Commitments given and received

Commitments and guarantees given	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
Commitments given to credit institutions	3,647	3,938
Commitments given to customers	37,874	38,519
Guarantee commitments		
Guarantees given on behalf of credit institutions	1,708	2,013
Guarantees given on behalf of customers	14,708	14,690
Commitments on securities		
Other commitments given	228	298
Commitments given by the Insurance business line	548	465

Commitments and guarantees received	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
Commitments received from credit institutions	6,952	11,702
Guarantee commitments		
Commitments received from credit institutions	29,342	28,642
Commitments received from customers	7,531	6,174
Commitments on securities		
Other commitments received	74	105
Commitments received by the Insurance business line	3,199	3,794

Securities sold under repurchase agreements	Dec. 31, 2014	Dec. 31, 2013
Amounts received under resale agreements	28,854	20,178
Related liabilities	28,729	20,272

Assets given as collateral for liabilities	Dec. 31, 2014	Dec. 31, 2013
Loaned securities	1	1
Security deposits on market transactions	6,998	6,002
Total	**6,999**	**6,003**

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, 2014		Dec. 31, 2013	
	Income	Expense	Income	Expense
. Credit institutions and central banks	1,159	-552	1,213	-666
. Customers	8,985	-4,186	9,199	-4,455
- of which finance leases and operating leases	2,677	-2,388	2,675	-2,375
. Hedging derivative instruments	3,810	-4,189	2,259	-2,079
. Available-for-sale financial assets	455		417	
. Held-to-maturity financial assets	327		333	
. Debt securities		-1,990		-1,958
. Subordinated debt		-70		-81
TOTAL	**14,736**	**-10,988**	**13,422**	**-9,239**

NOTE 26 - Fees and commissions

	Dec. 31, 2014		Dec. 31, 2013	
	Income	Expense	Income	Expense
Credit institutions	4	-7	9	-3
Customers	941	-14	944	-13
Securities	695	-59	685	-67
of which funds managed for third parties	*482*		*467*	
Derivative instruments	2	-4	2	-4
Foreign exchange	18	-2	18	-2
Financing and guarantee commitments	59	-9	28	-26
Services provided	1,135	-675	1,144	-662
TOTAL	**2,854**	**-769**	**2,830**	**-776**

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2014	Dec. 31, 2013
Trading derivative instruments	227	-317
Instruments designated under the fair value option(1)	158	132
Ineffective portion of hedging instruments	17	2
. Cash flow hedges	0	0
. Fair value hedges	17	3
. Change in fair value of hedged items	-980	-298
. Change in fair value of hedging items	997	301
Foreign exchange gains (losses)	34	36
Total changes in fair value	**436**	**-147**

(1) of which €142 million relating to the Private equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	Dec. 31, 2014			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		75	0	75
. Equities and other variable-income securities	19	-13	0	6
. Long-term investments	30	-3	39	66
. Other expenses	0	0	0	0
Total	**49**	**58**	**39**	**146**

	Dec. 31, 2013			
	Dividends	Realized gains (losses)	Impairment losses	Total
. Government securities, bonds and other fixed-income securities		231	-	231
. Equities and other variable-income securities	15	19	33	67
. Long-term investments	31	- 5	16	42
. Other expenses	-	2	-	2
Total	**46**	**247**	**49**	**342**

NOTE 29 - Other income and expense

	Dec. 31, 2014	Dec. 31, 2013
Income from other activities		
. Insurance contracts	12,063	11,725
. Investment property	5	2
- Reversals of depreciation, amortization and impairment charges	3	2
- capital gains on disposals	3	0
. Rebilled expenses	69	67
. Other income	773	788
Sub-total	**12,910**	**12,581**
Expenses on other activities		
. Insurance contracts	-10,253	-10,107
. Investment property	-55	-29
- depreciation, amortization and impairment charges (based on the accounting method selected)	-55	-28
- losses on disposals	0	0
. Other expenses	-561	-519
Sub-total	**-10,869**	**-10,655**
Other income and expense, net	**2,041**	**1,926**

Net income from the Insurance business line

	Dec. 31, 2014	Dec. 31, 2013
Earned premiums	9,960	9,414
Claims and benefits expenses	-6,008	-6,075
Movements in provisions	-4,251	-4,041
Other technical and non-technical income and expense	80	77
Net investment income	2,028	2,242
Total	**1,810**	**1,618**

NOTE 30 - General operating expenses

	Dec. 31, 2014	Dec. 31, 2013
Payroll costs	-2,827	-2,807
Other operating expenses	-2,423	-2,338
TOTAL	**-5,249**	**-5,145**

30a - Payroll costs

	Dec. 31, 2014	Dec. 31, 2013
Salaries and wages	-1,831	-1,831
Social security contributions(1)	-696	-676
Employee benefits - short-term	-2	-4
Incentive bonuses and profit-sharing	-110	-117
Payroll taxes	-183	-177
Other expenses	-4	-3
TOTAL	**-2,827**	**-2,807**

(1) The CICE tax credit for competitiveness and employment is recognized as a credit to payroll costs and amounted to €34 million in 2014.

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, 2014	Dec. 31, 2013
Banking staff	24,926	24,998
Management	14,391	14,309
Total	**39,317**	**39,307**
Analysis by country		
France	28,175	28,492
Rest of the world	11,142	10,815
Total	**39,317**	**39,307**

	Dec. 31, 2014	Dec. 31, 2013
Number of employees at end of year*	**42,366**	**42,152**

** The number of employees at 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 consolidation).*

30b - Other operating expenses

	Dec. 31, 2014	Dec. 31, 2013
Taxes and duties	-229	-213
External services	-1,935	-1,861
Other miscellaneous expenses (transportation, travel, etc.)	11	15
Total	**-2,152**	**-2,060**

30c - Depreciation, amortization and impairment of property, equipment and intangible assets

	Dec. 31, 2014	Dec. 31, 2013
Depreciation and amortization	-262	-276
- property and equipment	-176	-186
- intangible assets	-86	-90
Impairment losses	-8	-2
- property and equipment	0	-3
- intangible assets	-9	1
Total	**-270**	**-278**

NOTE 31 - Net additions to/reversals from provisions for loan losses

Dec. 31, 2014	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	105	-1	0	0	104
Customers	-1,125	1,147	-594	-342	122	-791
. Finance leases	-4	6	-4	-2	1	-4
. Other customer items	-1,121	1,141	-590	-341	122	-787
Sub-total	**-1,125**	**1,252**	**-595**	**-342**	**123**	**-687**
Held-to-maturity financial assets	0	2	0	0	0	2
Available-for-sale financial assets	-32	15	-20	-21	2	-56
Other	-47	48	-6	-2	0	-6
Total	**-1,203**	**1,317**	**-621**	**-365**	**125**	**-748**

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	-1,210	1,226	-712	-321	105	-913
. Finance leases	-5	6	-4	-3	1	-6
. Other customer items	-1,205	1,220	-708	-318	105	-907
Sub-total	**-1,211**	**1,256**	**-714**	**-321**	**105**	**-884**
Held-to-maturity financial assets	-3	0	0	0	0	-3
Available-for-sale financial assets	-14	3	-12	-39	15	-46
Other	-62	56	-2	-2	0	-11
Total	**-1,290**	**1,315**	**-728**	**-362**	**121**	**-943**

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2014	Dec. 31, 2013
Property, equipment and intangible assets	0	3
. Losses on disposals	-5	-5
. Gains on disposals	5	9
Gain (loss) on consolidated securities sold	1	0
TOTAL	**1**	**3**

NOTE 33 - Change in value of goodwill

	Dec. 31, 2014	Dec. 31, 2013
Impairment of goodwill	-21	0
Negative goodwill taken to income	0	0
TOTAL	**-21**	**0**

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2014	Dec. 31, 2013
Current taxes	-775	-824
Deferred taxes	-56	15
Adjustments in respect of prior years	7	-2
TOTAL	**-824**	**-811**

Reconciliation between the corporate income tax expense recognized and the theoretical tax expense

	Dec. 31, 2014	Dec. 31, 2013
Taxable income	2,439	2,272
Theoretical tax rate	38.00%	38.00%
Theoretical tax expense	**-927**	**-863**
Impact of preferential "SCR" and "SICOMI" rates	39	32
Impact of the reduced rate on long-term capital gains	26	0
Impact of different tax rates paid by foreign subsidiaries	19	27
Permanent timing differences	50	-33
Other impacts	-30	26
Tax expense	**-824**	**-811**
Effective tax rate	33.79%	35.71%

NOTE 35 - Earnings per share

	Dec. 31, 2014	Dec. 31, 2013
Net income attributable to the Group	1,384	1,211
Number of stock units at beginning of year	26,585,134	26,532,613
Number of stock units at end of year	31,467,593	26,585,134
Weighted average number of stock units	29,026,364	26,558,874
Basic earnings per share	47.69	45.61
Additional weighted average number of stock units assuming full dilution	0	0
Diluted earnings per share	47.69	45.61

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, 2014 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, 2014.

Dec. 31, 2014	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**264,130**	**251,633**	**12,496**	**12,369**	**72,259**	**179,501**
Loans and receivables due from credit institutions	62,543	61,586	957	518	62,025	0
- Debt securities	1,506	1,494	12	518	988	0
- Loans and advances	61,037	60,091	946	0	61,037	0
Loans and receivables due from customers	188,716	179,105	9,611	19	9,204	179,493
- Debt securities	577	578	0	19	0	558
- Loans and advances	188,139	178,527	9,612	0	9,204	178,935
Held-to-maturity financial assets	12,871	10,943	1,928	11,833	1,030	8
Liabilities	**303,443**	**295,897**	**7,546**	**659**	**216,154**	**86,630**
Due to credit institutions	35,352	35,336	15	0	35,352	0
Due to customers	149,280	148,174	1,107	0	62,650	86,630
Debt securities	111,131	105,245	5,886	659	110,472	0
Subordinated debt	7,680	7,143	538	0	7,680	0

Dec. 31, 2013	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets	**239,943**	**233,894**	**6,048**	**11,462**	**64,153**	**164,328**
Loans and receivables due from credit institutions	55,688	55,577	111	1,011	54,677	0
- Debt securities	1,815	1,812	3	1,011	804	0
- Loans and advances	53,873	53,765	108	0	53,873	0
Loans and receivables due from customers	172,988	168,159	4,830	243	8,418	164,328
- Debt securities	555	576	-21	243	119	193
- Loans and advances	172,433	167,582	4,851	0	8,299	164,135
Held-to-maturity financial assets	11,267	10,159	1,108	10,208	1,059	0
Liabilities	**272,832**	**268,987**	**3,845**	**709**	**185,507**	**86,616**
Due to credit institutions	19,798	19,727	71	0	19,798	0
Due to customers	144,042	144,392	-350	0	57,426	86,616
Debt securities	101,233	97,957	3,277	672	100,561	0
Subordinated debt	7,758	6,911	847	37	7,722	0

NOTE 37 - Related party transactions

Statement of financial position items concerning related party transactions

	Dec. 31, 2014			Dec. 31, 2013		
	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Parent companies - CM11 Group	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Parent companies - CM11 Group
Assets						
Loans, advances and securities						
Loans and receivables due from credit institutions	687	2,525	38,581	586	2,588	36,688
Loans and receivables due from customers	27	26	0	29	32	0
Securities	0	484	1,346	0	389	1,281
Other assets	5	30	7	6	150	0
Total	719	3,065	39,934	622	3,159	37,969
Liabilities						
Deposits						
Due to credit institutions	0	3,102	356	7	4,782	2,822
Due to customers	269	2,022	28	258	2,059	27
Debt securities	0	803	0	0	1,429	0
Other liabilities	34	98	508	43	87	1,250
Total	303	6,025	893	308	8,356	4,099
Financing and guarantee commitments						
Financing commitments given	270	7	2,200	333	11	2,200
Guarantee commitments given	11	10	14	28	409	0
Guarantee commitments received	0	438	1,094	0	380	950

Income statement items concerning related party transactions

	Dec. 31, 2014			Dec. 31, 2013		
	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Parent companies - CM11 Group	Companies consolidated using the equity method	Other entities in the Confédération Nationale	Parent companies - CM11 Group
Interest received	16	34	1,010	15	50	985
Interest paid	-1	-62	-112	-4	-77	-95
Fees and commissions received	17	0	6	15	0	12
Fees and commissions paid	-21	-5	-131	-18	-5	-203
Other income (expense)	17	23	-13	-1	0	54
General operating expenses	-330	0	-41	-325	0	-39
Total	-302	-10	720	-317	-32	714

Other entities in the Confédération Nationale comprise Caisse Centrale de Crédit Mutuel and Crédit Mutuel's other regional federations that do not belong to the Caisse Fédérale de Crédit Mutuel.
The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.

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 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 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 also benefited from the accidental death and disability plans and supplementary 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 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, 2014*	*Dec. 31, 2013*
Amounts in € thousands	Total compensation	Total compensation
Corporate officers - Management Committee - Board members who receive compensation	5,734	5,514

** See also the section on corporate governance.*

Following the resignation of Mr Lucas as chairman of the board of directors and chief executive officer, at the proposal of the remuneration committee, which verified that the conditions governing the payment of the termination indemnity voted by the board at its meeting of May 19, 2011 had been fulfilled, the CIC board of directors' meeting of December 11, 2014 decided to pay Mr Lucas a termination indemnity of €550,000.
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 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 €1,200,000 (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 €18,173 in 2014.

NOTE 38 - Events after the reporting period and other information

The consolidated financial statements of the BFCM group at December 31, 2014 were approved by the Board of Directors at its meeting of February 26, 2015.

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		%	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Audit								
Statutory audit and contractual audits								
- BFCM	149	171	5%	5%	153	128	3%	3%
- Fully consolidated subsidiaries	2,495	2,553	80%	75%	3,855	3,963	74%	78%
Other assignments and services directly related to the statutory audit(1)								
- BFCM	253	302	8%	9%	397	95	8%	2%
- Fully consolidated subsidiaries	150	343	5%	10%	404	282	8%	6%
Sub-total	***3,048***	***3,369***	***97%***	***98%***	***4,809***	***4,468***	***92%***	***87%***
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	20	32	1%	1%	88	85	2%	2%
- Other	62	22	2%	1%	313	556	6%	11%
Sub-total	***82***	***55***	***3%***	***2%***	***401***	***641***	***8%***	***13%***
Total	**3,130**	**3,424**	**100%**	**100%**	**5,210**	**5,109**	**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 €6,635 thousand for the fiscal year 2014.

V.4 - Statutory Auditors' report 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
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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, 2014

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, 2014 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, 2014 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 17, 2015.

French original signed by

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, 2014 showed total assets of €171.4 billion, up by 1.7% compared with the previous year.

On the liabilities side, amounts due to credit institutions totaled €58.9 billion and consisted mainly of long-term borrowings from the Group's subsidiaries (€43.2 billion), the majority of which came from CIC and its regional banks (€15.6 billion) and CM-CIC Home Loan SFH (€24.3 billion).

Amounts due to customers totaled €20.2 billion. This item consists essentially of demand deposits (€3.1 billion) and term accounts and loans of the financial clientele (€17.1 billion). This latter item included SFEF outstandings, which were fully redeemed.

Total securities liabilities amounted to €71.5 billion and included interbank market securities (€9.2 billion), debt securities (€26.3 billion) along with bond debt (€36 billion).

The Fund for General Banking Risks amounting to €61.6 million and the deeply subordinated notes totaling €2.1 billion remained unchanged. Following a capital increase on August 1, 2014 of €2.7 billion intended for the Caisses de Crédit Mutuel and Caisses Fédérales de Crédit Mutuel networks, total shareholders' equity and similar items amounted to €9.7 billion (including net income of €371.1 million).

On the assets side, the CM11 Group's central treasury function is reflected mainly by loans and receivables from credit institutions in the amount of €105.1 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 €34.8 billion. BFCM's term refinancing activity also extends to Banque Européenne de Crédit Mutuel (€3.6 billion), Sofemo (€0.9 billion), the CIC Group (€48.7 billion), the Cofidis Group (€6.7 billion), the Casino Group (€0.6 billion) and other federal Caisses (€2.5 billion).

Loans and receivables due from customers totaled €6.6 billion. This amount corresponds to credit facilities, mainly targeting large corporates, as well as the refinancing of special purpose acquisition entities for BFCM's long-term equity investments.

Trading, available-for-sale and held-to-maturity securities constitute the other uses of treasury funds and totaled €43.5 billion.

Investments in subsidiaries and associates, which totaled €7 billion, consist mainly of investments in CIC (€2.9 billion), Groupe des Assurances du Crédit Mutuel (€1 billion) and Cofidis 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.

Interest and similar income totaled €8.6 billion, including €7.6 billion from transactions with credit institutions.

Interest expense was €8.7 billion, of which the bulk related to interest payable to credit institutions (€6.5 billion) and interest on securities issued (€1.8 billion).

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

The positive impact of €15.4 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 2013.

Similarly, gains on available-for-sale securities (€23.9 million) consisted mainly of reversals of provisions for impairment losses (€4.9 million) and gains on disposals of securities (€19 million).

After taking commissions and other operating items into account, net banking income stood at €358.1 million in 2012.

General operating expenses increased to €53.7 million compared with €53.1 million in 2013.

The balance of gains and losses on non-current assets (€15.9 million) mainly corresponds to gains on disposals for €88.4 million and additions to provisions for €72.5 million.

In addition, €11,274 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 €46.7 million income tax benefit.

Lastly, net income for the year came to €371.1 million in 2014.

VI.1.3 - Proposals of the Board of Directors to the Shareholders' General Meeting

The appropriation of income proposed to the Shareholders' General Meeting concerned the following amounts:

2014 net income:	€371,064,805.48
Retained earnings:	€755,586.88
Total:	€371,820,392.36

We propose to:

- pay a dividend of €4.15 on each of the 31,467,593 shares carrying dividend rights for the full year (including the 4,882,459 shares issued on August 1, 2014 during the capital increase), i.e. a total payout of €130,590,510.95. These dividends are eligible for deduction under Article 158 of the French Tax Code (*Code Général des Impôts* – CGI);
- transfer €18,600,000 to the legal reserve;
- transfer €222,000,000.00 to the optional reserve; and
- transfer the balance of €629,881.41 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:

Fiscal year	***2011***	***2012***	***2013***
Amount in €	€2.00	€2.65	€4.90
Dividend eligible for the deduction provided for in Article 158 of the French Tax Code (*Code Général des Impôts* CGI)	Yes	Yes	Yes

VI.2 - BFCM's financial statements

VI.2.1 - Annual financial statements

ASSETS *(in €)*	**Dec. 31, 2014**	Dec. 31, 2013	Notes
CASH, CENTRAL BANKS, POST OFFICE BANKS	**2,631,939,808.71**	2,676,235,098.96	
GOVERNMENT SECURITIES AND EQUIVALENT	**15,606,655,984.45**	13,762,127,916.91	2.8
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**105,144,499,955.51**	99,132,405,498.18	2.2, 2.3
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**6,564,218,531.48**	6,832,584,448.42	2.2, 2.4
BONDS AND OTHER FIXED-INCOME SECURITIES	**27,563,266,978.36**	30,948,687,408.53	2.2, 2.15
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**291,548,090.50**	287,173,401.97	2.15
LONG-TERM EQUITY INVESTMENTS AND SECURITIES	**2,032,907,407.16**	1,987,086,810.25	2.17
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	**7,025,569,215.33**	7,054,999,107.67	2.17
FINANCE LEASES AND LEASES WITH PURCHASE OPTION	**0.00**	0.00	
OPERATING LEASES	**0.00**	0.00	
INTANGIBLE ASSETS	**8,000,141.00**	3,000,141.00	2.0, 2.23
PROPERTY AND EQUIPMENT	**6,807,154.46**	6,850,317.44	2.0
SUBSCRIBED CAPITAL UNPAID	**0.00**	0.00	
TREASURY STOCK	**0.00**	0.00	
OTHER ASSETS	**2,345,202,663.03**	3,924,507,803.65	2.24
ACCRUALS	**2,163,932,584.89**	1,922,761,484.13	2.25
TOTAL ASSETS	**171,384,548,514.88**	168,538,419,437.11	

OFF-STATEMENT OF FINANCIAL POSIT	**Dec. 31, 2014**	Dec. 31, 2013	Notes
COMMITMENTS GIVEN			
FINANCING COMMITMENTS	***14,699,495,673.76***	*14,582,590,597.26*	3.1
GUARANTEE COMMITMENTS	***3,254,079,514.54***	*3,929,917,749.97*	
SECURITIES COMMITMENTS	***0.00***	*0.00*	

LIABILITIES AND SHAREHOLDERS' EQUITY *(in €)*	**Dec. 31, 2014**	Dec. 31, 2013	Notes
CENTRAL BANKS, POST OFFICE BANKS	**0.00**	0.00	
DUE TO CREDIT INSTITUTIONS	**58,853,260,282.42**	54,985,771,888.10	2.2
DUE TO CUSTOMERS	**20,192,068,607.72**	31,769,452,871.82	2.2
DEBT SECURITIES	**72,419,146,837.46**	67,051,353,138.75	2.2
OTHER LIABILITIES	**3,287,812,155.54**	1,066,142,602.97	2.24
ACCRUALS	**1,380,795,104.14**	1,643,516,747.17	2.25
PROVISIONS FOR RISKS AND CHARGES	**54,422,101.85**	55,737,572.14	2.27
SUBORDINATED DEBT	**7,573,828,852.58**	7,305,998,611.62	2.7
FUND FOR GENERAL BANKING RISK (FGBR)	**61,552,244.43**	61,552,244.43	
SHAREHOLDERS' EQUITY EXCLUDING FGBR	**7,561,662,328.74**	4,598,893,760.11	
SUBSCRIBED CAPITAL	1,573,379,650.00	1,329,256,700.00	
ISSUE PREMIUMS	3,214,560,609.87	758,683,732.87	
RESERVES	2,401,862,705.51	2,198,623,778.82	2.20
REVALUATION RESERVES	0.00	0.00	
REGUL. PROVISIONS AND INVESTMENT SUBSIDIES	38,971.00	194,410.00	
UNAPPROPRIATED RETAINED EARNINGS	755,586.88	653,565.20	
NET INCOME FOR THE YEAR	371,064,805.48	311,481,573.22	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**171,384,548,514.88**	168,538,419,437.11	

OFF-STATEMENT OF FINANCIAL POSITION	**Dec. 31, 2014**	Dec. 31, 2013	Notes
COMMITMENTS RECEIVED			
FINANCING COMMITMENTS	***6,751,064,317.45***	*11,159,398,029.40*	
GUARANTEE COMMITMENTS	***4,139,207.80***	*8,115,644.05*	
SECURITIES COMMITMENTS	***82,266,348.53***	*40,454,644.34*	

INCOME STATEMENT *(in €)*	**2014**	2013	Notes
+ INTEREST INCOME	**8,565,148,411.80**	8,724,028,263.43	4.1
- INTEREST EXPENSE	**-8,715,231,285.38**	-8,887,846,697.41	4.1
+ INCOME FROM LEASE FINANCING AND HIRE PURCHASE TRANSACTIONS	**0.00**	0.00	
- EXPENSES ON LEASE FINANCING AND HIRE PURCHASE 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	**472,136,187.40**	398,767,359.18	4.2
+ FEE AND COMMISSION INCOME	**45,972,515.61**	52,654,384.62	4.3
- FEE AND COMMISSION EXPENSES	**-42,909,315.63**	-40,322,184.51	4.3
+/- GAINS (LOSSES) ON TRADING SECURITIES TRANSACTIONS	**15,429,501.10**	45,522,675.70	4.4
+/- GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES TRANSACTIONS	**23,934,965.01**	97,298,237.81	4.5
+ OTHER OPERATING INCOME	**1,049,136.30**	2,080,330.81	4.6
- OTHER OPERATING EXPENSES	**-7,457,837.85**	-8,821,768.84	4.6
NET BANKING INCOME	***358,072,278.36***	*383,360,600.79*	
- GENERAL OPERATING EXPENSES	**-53,712,300.89**	-53,093,131.54	4.7
- DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF NON-CURRENT ASSETS	**-49,589.41**	-49,384.74	
GROSS OPERATING INCOME	***304,310,388.06***	*330,218,084.51*	
+/- NET ADDITIONS TO/REVERSALS OF PROVISIONS FOR LOAN LOSSES	**0.00**	-10,460,216.52	4.8
OPERATING INCOME	***304,310,388.06***	*319,757,867.99*	
+/- GAINS (LOSSES) ON NON-CURRENT ASSETS	**15,851,634.42**	-47,464,947.98	4.9
NET INCOME BEFORE TAX	***320,162,022.48***	*272,292,920.01*	
+/- NON-RECURRING INCOME (LOSS)	**4,083,670.85**	4,136,240.58	
- CORPORATE INCOME TAX	**46,663,673.15**	35,029,322.63	4.10
+/- NET ALLOCATIONS TO/RELEASES FROM FGBR AND REGULATED PROV.	**155,439.00**	23,090.00	
NET INCOME	***371,064,805.48***	*311,481,573.22*	

VI.2.2 - Notes to the annual 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.

<u>Trading securities</u>
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.

<u>Available-for-sale securities</u>
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 2014 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 any 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.

A dispute regarding corporate income tax due for fiscal year 2003 was decided by the French Council of State in December 2014. Given that the decision was against BFCM, the amount of the tax was recorded as an expense and the corresponding provision reversed.

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 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.

2.0 Changes in non-current assets

	Gross amount as of Dec 31, 2013	Additions	Disposals	Transfers or repayments	Gross amount as of Dec 31, 2014
FINANCIAL ASSETS	33,914,187	129,126	13,692	(4,393,334)	**29,636,287**
PROPERTY AND EQUIPMENT	8,418	7			**8,425**
INTANGIBLE ASSETS	3,000	5,000			**8,000**
TOTAL	**33,925,605**	**134,133**	**13,692**	**(4,393,334)**	**29,652,712**

2.1 Depreciation, amortization and impairment of non-current assets

DEPRECIATION AND AMORTIZATION

	Accum. deprec. & amortiz. as of Dec. 31, 2013	Expenses	Reversals	Accum. deprec. & amortiz. as of Dec. 31, 2014
FINANCIAL ASSETS	0			
PROPERTY AND EQUIPMENT	1,566	50		**1,616**
INTANGIBLE ASSETS	0			
TOTAL	**1,566**	**50**	**0**	**1,616**

IMPAIRMENT

	Impairment provisions as of Dec. 31, 2013	Losses	Reversals	Impairment provisions as of Dec. 31, 2014
FINANCIAL ASSETS	169,482	59,385		**228,867**
PROPERTY AND EQUIPMENT	0			**0**
INTANGIBLE ASSETS	0			**0**
TOTAL	**169,482**	**59,385**	**0**	**228,867**

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 due	**TOTAL**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS						
Demand	5,845,088				2	**5,845,090**
Term	14,651,494	14,974,752	46,163,609	23,142,680	366,875	**99,299,410**
LOANS AND RECEIVABLES DUE FROM CUSTOMERS						
Commercial loans	218,544					**218,544**
Other customer loans	728,477	356,294	2,726,432	2,411,055	42,453	**6,264,711**
Overdrawn current accounts	80,964					**80,964**
BONDS AND OTHER FIXED-INCOME SECURITIES	109,376	1,483,431	19,352,964	6,505,172	112,324	**27,563,267**
of which trading securities	*5,000*	*50,000*				***55,000***
TOTAL	**21,633,943**	**16,814,477**	**68,243,005**	**32,058,907**	**521,654**	**139,271,986**

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 due	**TOTAL**
DUE TO CREDIT INSTITUTIONS						
Demand	14,976,353				40	**14,976,393**
Term	8,082,766	2,570,728	21,957,420	10,853,101	412,852	**43,876,867**
DUE TO CUSTOMERS						
Regulated savings accounts						
Demand						**0**
Term						**0**
Other liabilities						
Demand	3,065,999					**3,065,999**
Term	102,630	15,323	11,501,289	5,500,000	6,828	**17,126,070**
DEBT SECURITIES						
Interbank instruments						
and trading instruments	12,207,582	14,444,966	4,402,994	4,403,823	213,434	**35,672,799**
Bonds	2,195,000	4,666,476	18,743,594	10,383,530	727,746	**36,716,346**
Other securities				30,000	**2**	**30,002**
SUBORDINATED DEBT		1,100,000	1,800,000	4,603,896	69,933	**7,573,829**
TOTAL	**40,630,330**	**22,797,493**	**58,405,297**	**35,774,350**	**1,430,835**	**159,038,305**

2.3 Allocation of loans and receivables due from credit institutions

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**2014**	**Net change**	**2013**
Demand	5,845,089	2,994,322	2,850,767
Term	99,299,411	3,017,772	96,281,639
of which irrecoverable loans	0	0	0
(Impairment provisions)	*(0)*	*0*	*(0)*

2.4 Allocation of loans and receivables due from customers

Excluding accrued interest of €42,452 thousand from gross receivables	2014		
	Gross amount	of which non-performing losses	Impairment provisions
By major types of counterparties			
. Companies	6,521,576		
. Sole traders			
. Individuals	9		
. Governments	181		
. Non-profit institutions			
Total	**6,521,766**	**0**	**0**
By business sector			
. Farming and mining			
. Retail and wholesale	140,578		
. Industries	15,195		
. Business services and holding companies	182,597		
. Services to individuals			
. Financial services	5,689,666		
. Real estate services	222,699		
. Transportation and communication	269,228		
. Unallocated and other	1,803		
Total	**6,521,766**	**0**	**0**
By geographic region			
. France	1,850,466		
. Europe, excluding France	4,671,300		
. Rest of the world			
Total	**6,521,766**	**0**	**0**

None of the non-performing loans is considered irrecoverable.

2.5 Amount of commitments in respect of fully consolidated subsidiaries and other long-term equity investments

ASSETS

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	2,125,418	402,463
Term	60,442,312	56,256,733
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	4,790,876	5,068,207
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	19,576,422	24,622,759
SUBORDINATED RECEIVABLES	2,029,904	1,750,158
TOTAL	**88,964,932**	**88,100,320**

LIABILITIES

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
DUE TO CREDIT INSTITUTIONS		
Demand	14,274,867	12,544,617
Term	30,302,971	32,402,127
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand	157,434	151,205
Term	15,001,611	19,257,985
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments	632,266	726,320
Bonds	4,654,034	4,254,079
Other debt securities		
SUBORDINATED DEBT	866,582	1,618,743
TOTAL	**65,889,765**	**70,955,076**

This table includes the commitments given to and received from fully consolidated subsidiaries and other long-term equity investments, which are included in the consolidation scope of the Crédit Mutuel Centre Est Europe Group.

2.6 Allocation of subordinated assets

	Amount as of Dec. 31, 2014		Amount as of Dec. 31, 2013	
	Subordinated amount	of which non-voting loan stock	Subordinated amount	of which non-voting loan stock
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS				
Term	778,279		781,540	37,751
Perpetual	291,000		291,000	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS				
Other customer loans	945,000	945,000	700,000	700,000
BONDS AND OTHER FIXED-INCOME SECURITIES	231,157	119,588	959,212	115,021
TOTAL	**2,245,436**	**1,064,588**	**2,731,752**	**852,772**

2.7 Subordinated debt

	Subordinated Note 1	Subordinated Note 2	Subordinated Note 3	Subordinated Note 4
Amount	800,000	300,000	300,000	500,000
Maturity	9/30/2015	12/18/2015	6/16/2016	12/16/2016

	Subordinated Note 5	Subordinated Note 6	Subordinated Note 7	Subordinated loan	Subordinated Deeply subordinated note
Amount	1,000,000	1,000,000	1,000,000	500,000	2,103,896
Maturity	12/6/2018	10/22/2020	5/21/2024	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 €7,573,829 thousand (including accrued interest).

2.8 Securities investments: breakdown between trading, available-for-sale and held-to-maturity

	Trading	Available for sale	Held to maturity	**TOTAL**
GOVERNMENT SECURITIES AND EQUIVALENT		15,606,144	512	**15,606,656**
BONDS AND OTHER FIXED-INCOME SECURITIES	55,000	7,138,850	20,369,417	**27,563,267**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES		291,548		**291,548**
TOTAL	**55,000**	**23,036,542**	**20,369,929**	**43,461,471**

2.9 Securities investments: reclassifications

	Held-to-maturity securities reclassified in	Amount due as of Dec. 31, 2014	Amount outstanding as of Dec. 31, 2014	Unrealized loss (impairment) if there was no reclassification	Amount of recovery if there was no reclassification
AVAILABLE-FOR-SALE SECURITIES	1,318,640	1,243,140	75,500	12	785
TOTAL	**1,318,640**	**1,243,140**	**75,500**	**12**	**785**

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, 2014.

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	35,037	95,597
Money market	990	440
HELD-TO-MATURITY SECURITIES		
Bond market	3,203	2
Money market		10

2.11 Securities investments: unrealized gains and losses

Amount of unrealized gains on available-for-sale securities:	1,190,862
Amount of unrealized losses on impaired available-for-sale securities:	72,298
Amount of unrealized losses on held-to-maturity securities:	2,134
Amount of unrealized gains on held-to-maturity securities:	97,074

2.12 Securities investments: amount of receivables related to loaned securities

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
GOVERNMENT SECURITIES AND EQUIVALENT	0	0
BONDS AND OTHER FIXED-INCOME SECURITIES	0	0
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	0	0

2.13 Securities investments: amount of assets and liabilities related to securities given under repurchase agreements

	Assets	Liabilities
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand		
Term		
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Other customer loans		
DUE TO CREDIT INSTITUTIONS		
Demand		
Term		
DUE TO CUSTOMERS		
Other liabilities		
Demand		
Term		
TOTAL	**0**	**0**

2.14 Securities investments: allocation of bonds and other fixed-income securities by issuer

	Issuer		Accrued interest	TOTAL
	Government agencies	Other		
GOVERNMENT SECURITIES, BONDS AND OTHER FIXED-INCOME SECURITIES	17,359,043	25,644,311	166,569	**43,169,923**

2.15 Securities investments: breakdown between listed and unlisted

	Amount of listed securities	Amount of unlisted securities	Accrued interest	TOTAL
GOVERNMENT SECURITIES AND EQUIVALENT	4,802,451	10,749,960	54,245	**15,606,656**
BONDS AND OTHER FIXED-INCOME SECURITIES	27,302,610	148,333	112,324	**27,563,267**
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	259,186	32,362		**291,548**
TOTAL	**32,364,247**	**10,930,655**	**166,569**	**43,461,471**

2.16 Securities investments: information on UCITS

	French UCITS	Foreign UCITS	TOTAL
VARIABLE INCOME SECURITIES - UCITS	3,462	13,978	**17,440**

	Accumulation UCITS	Distribution UCITS	TOTAL
VARIABLE INCOME SECURITIES - UCITS	3,462	13,978	**17,440**

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, 2014**	Amount invested in credit institutions as of Dec. 31, 2013
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,944,061	1,863,871
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	3,743,359	3,743,359
TOTAL	**5,687,420**	**5,607,230**

2.18 Securities investments: information on available-for-sale securities

No available-for-sale securities were held as of December 31, 2014.

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)

2.20 Reserves

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
LEGAL RESERVE	132,926	132,663
REGULATORY AND CONTRACTUAL RESERVES	2,259,442	2,056,466
REGULATED RESERVES		
OTHER RESERVES	9,495	9,495
TOTAL	**2,401,863**	**2,198,624**

2.21 Set-up costs, research and development costs and business goodwill

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
SET-UP COSTS		
Organization costs		
Start-up costs		
Capital increase and other costs		
RESEARCH AND DEVELOPMENT COSTS		
BUSINESS GOODWILL		
OTHER INTANGIBLE ASSETS	8,000	3,000
TOTAL	**8,000**	**3,000**

2.22 Receivables eligible for refinancing with a central bank

Receivables eligible for refinancing with a central bank stood at €144,681 thousand as of December 31, 2014.

2.23 Accrued interest receivable or payable

	Accrued interest receivable	Accrued interest payable
ASSETS		
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT	54,243	
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS		
Demand	2	
Term	366,875	
LOANS AND RECEIVABLES DUE FROM CUSTOMERS		
Commercial loans		
Other customer loans	42,453	
Overdrawn current accounts		
BONDS AND OTHER FIXED-INCOME SECURITIES	112,324	
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		40
Term		412,852
DUE TO CUSTOMERS		
Regulated savings accounts		
Demand		
Term		
Other liabilities		
Demand		
Term		6,828
DEBT SECURITIES		
Retail certificates of deposit		
Interbank instruments and trading instruments		213,434
Bonds		727,746
Other debt securities		2
SUBORDINATED DEBT		69,933
TOTAL	**575,897**	**1,430,835**

2.24 Other assets and other liabilities

OTHER ASSETS	**Amount as of Dec. 31, 2014**	**Amount as of Dec. 31, 2013**
CONDITIONAL INSTRUMENTS PURCHASED		435
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	35,359	46,860
SUNDRY DEBTORS	2,309,844	3,877,213
CARRY BACK RECEIVABLES		
OTHER STOCK AND EQUIVALENT		
OTHER USES OF FUNDS		
TOTAL	**2,345,203**	**3,924,508**

OTHER LIABILITIES	**Amount as of Dec. 31, 2014**	**Amount as of Dec. 31, 2013**
OTHER DEBTS ON SECURITIES		
CONDITIONAL INSTRUMENTS SOLD		435
DEBTS ON TRADING SECURITIES		
of which debts on securities borrowed		
SETTLEMENT ACCOUNTS ON SECURITIES TRANSACTIONS	426,836	23,156
PAYMENTS OUTSTANDING ON SECURITIES NOT FULLY PAID UP		
SUNDRY CREDITORS	2,860,976	1,042,552
TOTAL	**3,287,812**	**1,066,143**

2.25 Accruals

ASSETS

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
HEADQUARTERS AND BRANCH - NETWORK		
COLLECTIONS		
OTHER ADJUSTMENTS	328,120	3,758
SUSPENSE ACCOUNTS		
POTENTIAL LOSSES ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED LOSSES ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS SETTLED	84,267	79,379
DEFERRED EXPENSES	198,995	138,964
PREPAID EXPENSES	15,963	11,269
ACCRUED INCOME	1,492,104	1,637,530
OTHER ACCRUALS	44,484	51,861
TOTAL	**2,163,933**	**1,922,761**

LIABILITIES

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
HEADQUARTERS AND BRANCH - NETWORK		
ACCOUNTS UNAVAILABLE DUE TO COLLECTION PROCEDURES	285	332
OTHER ADJUSTMENTS	2,028	176,315
SUSPENSE ACCOUNTS		
POTENTIAL GAINS ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS NOT YET SETTLED		
DEFERRED GAINS ON HEDGING CONTRACTS -		
FORWARD FINANCIAL INSTRUMENTS SETTLED	261,773	255,921
DEFERRED INCOME	65,302	19,053
ACCRUED EXPENSES	985,592	1,074,056
OTHER ACCRUALS	65,815	117,840
TOTAL	**1,380,795**	**1,643,517**

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.

2.26 Unamortized balance of the difference between the purchase price and the redemption price of debt securities

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
ISSUANCE PREMIUM ON FIXED-INCOME SECURITIES	163,794	170,724
REDEMPTION PREMIUMS ON FIXED-INCOME SECURITIES	20,151	25,704
TOTAL	**183,945**	**196,428**

2.27 Provisions

	Amount as of Dec. 31, 2014	Additions	Reversals	Amount 2013	Reversal lag
PROVISION FOR ASSOCIATE-RELATED RISKS	27,200	13,200		14,000	> 3 years
PROVISION FOR RETIREMENT BENEFITS	1,200	80		1,120	< 3 years
PROVISION FOR SWAPS	9,298		12,518	21,816	< 1 year
PROVISION FOR TAXES	0		1,750	1,750	
PROVISION FOR GUARANTEE COMMITMENTS	15,858			15,858	< 3 years
OTHER PROVISIONS	866	866	1,194	1,194	< 1 year
	54,422	**14,146**	**15,462**	**55,738**	

2.28 Equivalent in euros of assets and liabilities denominated in non-euro zone currencies

ASSETS

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
CASH, CENTRAL BANKS, POST OFFICE BANKS		
GOVERNMENT SECURITIES AND EQUIVALENT		
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	11,789,845	11,081,980
LOANS AND RECEIVABLES DUE FROM CUSTOMERS	43,733	54,489
BONDS AND OTHER FIXED-INCOME SECURITIES		3,606
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	20,940	19,886
REAL ESTATE DEVELOPMENT		
SUBORDINATED LOANS		
AVAILABLE-FOR-SALE AND OTHER LONG-TERM EQUITY INVESTMENTS	1,323,011	1,301,433
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		
INTANGIBLE ASSETS		
PROPERTY AND EQUIPMENT		
OTHER ASSETS	83,160	81,722
ACCRUALS	125,329	80,689
TOTAL FOREIGN-CURRENCY DENOMINATED ASSETS	**13,386,018**	**12,623,805**
Percentage of total assets	**7.81%**	**7.49%**

LIABILITIES

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
CENTRAL BANKS, POST OFFICE BANKS		
DUE TO CREDIT INSTITUTIONS	3,406,175	4,012,219
DUE TO CUSTOMERS	111,856	1,398,215
DEBT SECURITIES	16,664,799	10,890,958
OTHER LIABILITIES	140,229	59,920
ACCRUALS	157,361	115,744
PROVISIONS		
SUBORDINATED DEBT		
TOTAL FOREIGN-CURRENCY DENOMINATED LIABILITIES	**20,480,420**	**16,477,056**
Percentage of total liabilities	**11.95%**	**9.78%**

2.29 Leased properties

LEASED ASSETS

Statement of financial position items	Initial cost	Depreciation and amortization fiscal year	Depreciation and amortization aggregate	Net amount
LAND	0			0
BUILDINGS	0	0	0	0
MACHINERY AND EQUIPMENT	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

LEASE COMMITMENTS

Statement of financial position items	Payments made		Payments payable				Residual purchase price
	fiscal year	aggregate	- 1 year	+1 year to 5 years	+5 years	total	
LAND AND BUILDINGS	0	0	0	0	0	0	-
MACHINERY AND EQUIPMENT	0	0	0	0	0	0	-
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	-

Notes to the off-statement of financial position items

3.1 Assets pledged as collateral for commitments

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
ASSETS PLEDGED FOR TRANSACTIONS ON FORWARD MARKETS	0	0
OTHER ASSETS PLEDGED	13,216,936	14,198,821
of which to Banque de France	*13,216,936*	*11,361,977*
of which to Société de financement de l'économie française	*0*	*2,836,844*
TOTAL	**13,216,936**	**14,198,821**

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, 2014, this procedure had not been called upon.

3.2 Assets received as collateral

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
ASSETS RECEIVED IN PLEDGE FOR TRANSACTIONS ON FORWARD MARKETS		
OTHER ASSETS RECEIVED	0	380,860
of which to Société de financement de l'économie française	*0*	*380,860*
TOTAL	**0**	**380,860**

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, 2014, assigned receivables totaled €9,165,880 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 €8,964,131 thousand at the same date.

3.3 Forward transactions in foreign currencies not settled as of December 31

	Amount as of Dec. 31, 2014		**Amount as of Dec. 31, 2013**	
FORWARD FOREIGN EXCHANGE TRANSACTIONS	Assets	Liabilities	Assets	Liabilities
Euros receivable/foreign currencies payable	7,954,245	8,223,939	7,770,434	7,535,580
of which currency swaps	*1,818,077*	*1,856,824*	*2,365,192*	*2,205,463*
Foreign currencies receivable/euros payable	16,538,121	15,972,138	12,371,563	12,790,462
of which currency swaps	*6,132,358*	*5,998,321*	*5,073,622*	*5,389,995*
Foreign currencies receivable/foreign currencies payable	11,521,992	11,470,562	8,294,326	8,271,923
of which currency swaps				

3.4 Other forward transactions not settled as of December 31

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
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	273,727,705	285,186,426
of which interest rate swaps	*271,122,371*	*282,343,063*
interest rate swaps denominated in foreign currencies	*2,605,334*	*2,843,363*
purchases of forward rate agreements		
sales of forward rate agreements		
Conditional hedging transactions	0	630,000
of which purchases of swap options		
sales of swap options		
of which purchases of caps and floors	*0*	*315,000*
sales of caps and floors	*0*	*315,000*
Other firm transactions	1,138,645	4,122,512
of which interest rate swaps	*1,138,645*	*4,118,886*
interest rate swaps denominated in foreign currencies	0	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		

3.5 Analysis of forward transactions not yet settled by residual maturity

	Amount as of Dec. 31, 2014			Amount as of Dec. 31, 2013		
	0 - 1 year	1 - 5 years	> 5 years	0 - 1 year	1 - 5 years	> 5 years
FOREIGN CURRENCY TRANSACTIONS	29,187,699	6,141,419	702,023	22,705,581	5,376,933	515,451
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	41,205,423	70,106,325	163,554,602	50,445,850	58,797,262	180,065,286
of which swaps	*41,205,423*	*70,106,325*	*163,554,602*	*50,445,850*	*58,797,262*	*180,065,286*
purchases of forward rate agreements						
sales of forward rate agreements						
Conditional hedging transactions				630,000		
of which purchases of swap options						
sales of swap options						
of which purchases of caps and floors				*315,000*		
sales of caps and floors				*315,000*		
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						

3.6 Commitments in respect of fully consolidated subsidiaries and other long-term equity investments

Commitments given

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
Financing commitments	8,615,000	8,674,000
Guarantee commitments	3,162,294	3,161,262
Foreign exchange commitments	3,899,636	5,466,591
Commitments on forward financial instruments	155,641,615	165,291,405
TOTAL	**171,318,545**	**182,593,258**

Commitments received

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
Financing commitments		
Guarantee commitments		3,382
Foreign exchange commitments	3,909,873	5,129,423
Commitments on forward financial instruments		
TOTAL	**3,909,873**	**5,132,805**

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.

3.7 Fair value of derivative instruments

	Amount as of Dec. 31, 2014		Amount as of Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate risk - hedge accounting (macro-micro)				
Conditional or optional instruments				
Firm instruments other than swaps				
Embedded derivatives	52,076	232,830	85,440	220,259
Swaps	4,620,546	2,325,588	2,924,086	2,153,948
Interest rate risks - excluding hedge accounting				
Conditional or optional instruments				
Firm instruments other than swaps				
Embedded derivatives	60,247			
Swaps	13,404,263	13,460,423	12,027,936	12,043,633
Foreign exchange risk				
Conditional or optional instruments				
Firm instruments other than swaps				
Swaps	10,059	3,093	8,448	1,432

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

4.1 Interest income and expense

	Income 2014	Income 2013
CREDIT INSTITUTIONS	7,574,805	7,782,950
CUSTOMERS	180,362	173,498
BONDS AND OTHER FIXED-INCOME SECURITIES	706,314	651,019
SUBORDINATED LOANS	84,214	87,245
OTHER SIMILAR INCOME	19,453	19,749
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
TOTAL	**8,565,148**	**8,724,028**

	Expenses 2014	Expenses 2013
CREDIT INSTITUTIONS	6,510,424	6,743,180
CUSTOMERS	324,332	399,311
BONDS AND OTHER FIXED-INCOME SECURITIES	1,422,885	1,287,497
SUBORDINATED DEBT	333,487	341,694
OTHER SIMILAR EXPENSES	124,103	116,165
NET ADDITION TO (REVERSAL OF) PROVISIONS RELATING TO INTEREST ON NON-PERFORMING LOANS		
NET ADDITION TO (REVERSAL OF) PROVISIONS FOR OTHER SIMILAR EXPENSES		
TOTAL	**8,715,231**	**8,887,847**

4.2 Analysis of income from variable-income securities

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
AVAILABLE-FOR-SALE EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	18,081	13,804
SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS	454,055	384,963
MEDIUM-TERM AVAILABLE-FOR-SALE SECURITIES		
TOTAL	**472,136**	**398,767**

4.3 Fees and commissions

	Income 2014	Income 2013
CREDIT INSTITUTIONS	315	8,114
CUSTOMERS	3,961	5,426
SECURITIES TRANSACTIONS	115	61
FOREIGN EXCHANGE TRANSACTIONS	1	1
FINANCIAL SERVICES PROVIDED	39,581	37,503
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	2,000	1,549
REVERSALS FROM PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**45,973**	**52,654**

	Expenses 2014	Expenses 2013
CREDIT INSTITUTIONS	2,413	586
CUSTOMERS	2	1
SECURITIES TRANSACTIONS	6,906	7,163
FOREIGN EXCHANGE TRANSACTIONS	870	1,033
FINANCIAL SERVICES PROVIDED	30,702	29,938
OFF-STATEMENT OF FINANCIAL POSITION TRANSACTIONS		
OTHER	2,016	1,601
ADDITIONS TO PROVISIONS RELATING TO FEES AND COMMISSIONS		
TOTAL	**42,909**	**40,322**

4.4 Gains (losses) on trading securities

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
TRADING SECURITIES	125	1,683
FOREIGN EXCHANGE	3,717	4,259
FORWARD FINANCIAL INSTRUMENTS	(930)	(562)
NET IMPAIRMENT REVERSALS (LOSSES)	12,518	40,143
TOTAL	**15,430**	**45,523**

4.5 Gains (losses) on available-for-sale and similar securities

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
ACQUISITION EXPENSES ON AVAILABLE-FOR-SALE SECURITIES	(4)	(497)
NET GAIN (LOSS) ON DISPOSALS	18,979	54,246
NET IMPAIRMENT REVERSALS (LOSSES)	4,960	43,549
TOTAL	**23,935**	**97,298**

4.6 Other operating income and expenses

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
MISCELLANEOUS OPERATING INCOME	1,049	2,080
MISCELLANEOUS OPERATING EXPENSES	(7,458)	(8,822)
TOTAL	**(6,409)**	**(6,742)**

4.7 General operating expenses

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
SALARIES AND WAGES	5,712	5,642
RETIREMENT BENEFITS EXPENSE	708	690
OTHER PAYROLL-RELATED EXPENSES	1,696	1,674
PROFIT-SHARING AND INCENTIVE PLANS	346	356
PAYROLL AND SIMILAR TAXES	1,218	1,212
OTHER TAXES AND DUTIES	16,702	12,456
EXTERNAL SERVICES	34,219	38,132
NET ADDITIONS TO/REVERSALS FROM PROVISIONS RELATING TO GENERAL OPERATING EXPENSES	80	
REINVOICED EXPENSES	(6,969)	(7,069)
TOTAL	**53,712**	**53,093**

The competitiveness and employment tax credit (CICE), recognized as a credit to payroll costs, amounted to €15,319.81 for fiscal year 2014.

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 and related services
- 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.

The total amount of direct and indirect remuneration paid to key executives of BFCM was €5,734,310.32 compared with €5,514,357.77 in 2013. No attendance fees were paid.
Related party transactions:

. Following Michel Lucas's resignation from his office as Chairman of the Board of Directors and Chief Executive Officer, acting on the recommendation of the remuneration committee, which verified that the conditions for payment of the termination indemnity approved by the Board at its meeting of May 19, 2011 had been fulfilled, the Board of Directors of CIC decided at its meeting of December 11, 2014 to pay Michel Lucas a termination indemnity of €550,000.

· 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 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 €1,200,000 (including social security contributions). A provision was recognized for the outstanding amount as of December 31, 2014.
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 €18,173 in 2014.

"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 2,698."

Pursuant to Decree 2008-1487 of November 30, 2008 relating to statutory auditors, the fees paid for the statutory audit amounted to €678,791.91. Fees for directly related advisory and other services totaled €779,052.

4.8 Net additions to/reversals of provisions for loan losses

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
ADDITIONS TO PROVISIONS FOR RECEIVABLES		(10,470)
REVERSALS OF PROVISIONS FOR RECEIVABLES	136	10
LOSS ON IRRECOVERABLE RECEIVABLES COVERED BY PROVISIONS	(136)	
TOTAL	**0**	**(10,460)**

4.9 Gains (losses) on non-current assets

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
GAINS (LOSSES) ON PROPERTY AND EQUIPMENT		6
GAINS (LOSSES) ON FINANCIAL ASSETS	88,437	(20,218)
IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS	(59,385)	(13,253)
REVERSALS FROM (ADDITIONS TO) PROVISIONS FOR RISKS AND CHARGES	(13,200)	(14,000)
TOTAL	**15,852**	**(47,465)**

4.10 Breakdown of corporate income tax

	Amount as of Dec. 31, 2014	Amount as of Dec. 31, 2013
(A) TAX ON ORDINARY INCOME	3,783	6,731
(B) TAX ON EXTRAORDINARY ITEMS		
(C) EFFECTS OF TAX CONSOLIDATION	(48,697)	(41,652)
(A + B + C) INCOME TAX FOR THE YEAR	(44,914)	(34,921)
ADDITIONS TO PROVISIONS RELATING TO INCOME TAX		
REVERSALS FROM PROVISIONS RELATING TO INCOME TAX	(1,750)	(108)
TOTAL CORPORATE INCOME TAX FOR THE YEAR	**(46,664)**	**(35,029)**

FIVE-YEAR FINANCIAL SUMMARY

(amounts in €)

	2010	2011	2012	2013	2014
1. Capital at the reporting date					
a) Capital stock	1,302,192,250.00	1,324,813,250.00	1,326,630,650.00	1,329,256,700.00	1,573,379,650.00
b) Number of common shares outstanding	26,043,845	26,496,265	26,532,613	26,585,134	31,467,593 (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	222,520,610.80	374,735,749.37	613,947,145.96	383,360,600.79	358,072,278.38
b) Income before tax, profit-sharing, depreciation, amortization and provisions	284,102,040.62	485,783,259.18	404,393,723.58	220,719,959.14	379,019,568.48
c) Corporate income tax	-11,742,875.03 Note:	-41,469,790.81	-14,371,909.94	-34,921,389.62	-44,913,762.15
d) Profit sharing	93,768.43	120,989.88	62,577.07	91,347.06	80,817.13
e) Income after tax, profit-sharing, depreciation, amortization and provisions	302,074,929.32	289,765,321.77	649,396,490.02	311,481,573.22	371,064,805.48
f) Earnings distributed	0.00	52,463,198.60	70,263,445.09	130,116,946.54	130,590,510.95
3. Earnings per share					
a) Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	11.36	19.89	15.78	9.61	13.47
b) Earnings after tax, profit-sharing, depreciation, amortization and provisions	11.60	10.94	24.48	11.72	11.79
c) Dividend per share	0.00	2.00	2.65	4.90	4.15
		0.83	1.33	2.04	
4. Employees					
a) Average number of employees for the year	27	26	27	27	27
b) Payroll expense	7,300,519.96	4,859,236.29	5,328,750.54	5,641,794.04	5,711,747.91
c) Employee benefits (social security, benefit plans)	2,567,884.95	2,004,643.97	2,281,964.98	2,381,796.54	2,403,577.71

(a): 31,467,593 shares carrying dividend rights for the full year following the capital increase on August 1, 2014

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

Amounts are expressed in thousands of euros.

A. DETAILED INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES AND OTHER LONG-TERM EQUITY INVESTMENTS WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF BFCM's CAPITAL (€15,733,796)	Capital as of Dec. 31, 2013	Shareholders' equity other than capital and unappropriated earnings as of Dec. 31, 2013	Percentage of capital held as of Dec. 31, 2014	Carrying amount of investment held as of Dec. 31, 2014		Outstanding loans and advances granted by the Bank as of Dec. 31, 2014	Guarantees and securities provided by the Bank as of Dec. 31, 2014	Revenues as of Dec. 31, 2013	Net income (loss) as of Dec. 31, 2013	Net dividends received by the Bank as of Dec. 31, 2014	Notes
				Gross	Net						
1) Subsidiaries (more than 50%-owned)											
VENTADOUR INVESTISSEMENT 1, SA, Paris	600,000	-11,958	100	600,294	600,294	426,400	0	0 (3)	36,309	10,900	
CM AKQUISITIONS GmbH, Düsseldorf	200,225	197,505	100	200,225	200,225	4,670,000	0	8,067	124,771	0	
CREDIT MUTUEL-CIC Home Loan SFH (formerly CM-CIC COVERED BONDS), SA, Paris	220,000	2,785	100	220,000	220,000	4,419,531	0	1,603 (4)	334	0	
GROUPE REPUBLICAIN LORRAIN COMUNICATION, SAS, Woippy	1,512	41,024	100	94,514	8,014	11,651	0	4,610	-119	0	
CIC IBERBANCO, SA à Directoire et Conseil de Surveillance, Paris	25,143	46,675	100	84,998	84,998	48,955	0	21,940 (4)	2,861	82	
EBRA, SAS, Houdemont	40,038	-183,767	100	40,037	0	227,487	0	1,858	-4,087	0	
FIVORY (formerly BCMI ILE-DE-France), SA, Paris	15,200	3,892	100	19,041	19,041	0	0	17 (4)	-11	0	
CM-CIC IMMOBILIER (formerly ATARAXIA), SAS, Orvault	31,760	46,440	100	80,986	80,986	6,769	0	3,250	516	155	
BANQUE EUROPEENNE DU CREDIT MUTUEL, BECM, SAS, Strasbourg	108,802	536,963	96.08	244,722	244,722	4,070,218	5,150,000	205,409 (4)	73,030	21,116	
SAP ALSACE (formerly SFEJIC), SAS, Mulhouse	10,210	-49,257	95.68	15,953	0	5,502	0	1,590	-1,493	0	
SOCIETE DU JOURNAL L'EST REPUBLICAIN, SA, Houdemont	2,400	-26,786	92.04	83,909	49,309	0	0	93,904	-2,212	0	
CREDIT INDUSTRIEL ET COMMERCIAL, SA, Paris	608,440	9,782,000	72.73	2,945,749	2,945,749	37,726,462	6,270,744	4,466,000 (4)	845,000	193,605	Consolidated
COFIDIS PARTICIPATION, SA, Villeuneuve d'Asq	116,062	1,024,758	54.63	1,027,701	1,027,701	8,018,657	0	1,100,937 (4)	115,144	56,623	Consolidated
GROUPE DES ASSURANCES DU CREDIT MUTUEL, SA, Strasbourg	1,118,793	4,199,201	52.81	974,661	974,661	0	0	10,022,067	555,587	129,590	Consolidated
SPI (SOCIETE PRESSE INVESTISSEMENT), SA, Houdemont	77,239	-10,506	50.96	75,200	75,200	0	0	0 (3)	13,451	0	
2) Associates (10% to 50%-owned)											
TARGOBANK Spain (formerly BANCO POPULAR HIPOTECARIO), Madrid	176,045	110,113	50	312,500	312,500	0	10,642	94,446 (4)	19,052	0	
BANQUE DU GROUPE CASINO, SA, Saint Etienne	23,470	78,262	50	88,570	88,570	646,932	265,000	80,073 (4)	716	0	Consolidated
CM-CIC LEASE, SA, Paris	64,399	32,677	10.34	47,779	47,779	3,488,382	25,616	18,962 (4)	4,542	1,738	
BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Casablanca	1,794,634 (1)	15,738,221 (1)	26.21	1,132,993	1,132,993	0	0	9,891,026 (1)	1,880,603 (1)	14,500	Consolidated
CAISSE DE REFINANCEMENT DE L'HABITAT, SA, Paris	299,807	11,393	22.25	124,734	124,734	0	434,384	3,730 (4)	632	0	
BANQUE DE TUNISIE, Tunis	115,000 (2)	386,510 (2)	34	203,974	203,974	0	0	182,158 (2)	86,590 (2)	5,738	Consolidated
CLUB SAGEM, SAS, Paris	75,622	150,897	10.34	48,026	48,026	0	0	0 (3)	37,912	0	
3) Other (less than 10%-owned)											
BANCO POPULAR ESPAGNOL, Madrid	948,276	10,651,919	4.03	521,069	496,069	0	0	3,706,650 (4)	328,149	5,197	Consolidated

(1) Amounts in thousands of Moroccan dirham (MAD)
(2) Amounts in thousands of Tunisian dinar (TND)
(3) Revenues are "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, 2013	Shareholders' equity other than capital and unappropriated earnings as of Dec. 31, 2013	Percentage of capital held as of Dec. 31, 2014	Carrying amount of investment held as of Dec. 31, 2014		Outstanding loans and advances granted by the Bank as of Dec. 31, 2014	Guarantees and securities provided by the Bank as of Dec. 31, 2014	Revenues as of Dec. 31, 2013	Net income (loss) as of Dec. 31, 2013	Net dividends received by the Bank as of Dec. 31, 2014
				Gross	Net					
1) Subsidiaries not included in section A										
a) French subsidiaries (collectively)				54,292	37,933	54,723	0			633
of which SNC Rema, Strasbourg				305	305	0	0			28
b) Foreign subsidiaries (collectively)				0	0					
2) Associates not included in section A										
a) French associates (collectively)				19,195	12,093	4,965	0			8,833
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)				3,430	680	1,300	0			4,800
3) Other investments not included in section A										
a) Other investments in French companies (collectively)				21,942	21,375	0	0			545
a) Other investments in foreign companies (collectively)				586	586	0	0			0

VI.4 - Statutory auditors' report on the 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, 2014

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, 2014 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, 2014 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 17, 2015.

French original signed by

The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Arnaud Bourdeille	Olivier Durand

VII. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Grenelle II Law – Article 225

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 scope. At the CM11 scope, Caisse Fédérale de Crédit Mutuel holds the collective license (banking code) for all the affiliated Caisses (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.

Grenelle II Law specifies the type of entities subject to these reporting requirements:

- Companies whose securities are traded on regulated markets (listed companies)
- Non-listed limited companies and partnerships limited by shares whose total assets or turnover exceed €100 million and whose average workforce during the financial year exceeds 500 permanent employees.

The CM11 group includes companies that are individually under an obligation to publish a specific report:

- for CIC, a listed company, a specific report is included in its annual report.
- for the Technology division:
    - Euro Information Services
    - Euro Information Développements
    - Euro Information Production
- for the Press division:
    - Le Dauphiné Libéré
    - Groupe Progrès
    - L'Est Républicain
    - Les Dernières Nouvelles d'Alsace
    - Est Bourgogne Médias
    - L'Alsace
    - Le Républicain Lorrain

By convention and in keeping with the CM11 group's organization, the information relating to the companies in the Technology and Press divisions is provided separately from the CM11 Group's other quantified data. The various specific issues and the related actions taken by each of these companies are described in specific sections included in this report.

Closeness, responsibility and solidarity are values that Crédit Mutuel has defended since its creation. This is reflected in particular by its adherence to the UN Global Compact as from 2003. Its sustainable development approach is part of the policy defined at the Crédit Mutuel group level.

The full list of companies in the Press and Technology divisions is provided in the methodology section at the end of this report.

Scope

The Federations, Caisse Fédérale de Crédit Mutuel and the subsidiaries

The local banks (Caisses) 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 that benefits all affiliated local banks, 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.

On behalf of the local banks, 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 insurance, IT and leasing subsidiaries.

In application of the French Monetary and Financial Code, each Crédit Mutuel group is organized around a Federation, a regional Caisse 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 Caisses.

Caisse Fédérale de Crédit Mutuel's banking code is 10278.

Since January 1, 2012, the regulatory scope includes 11 Crédit Mutuel federations that have established partnerships authorized by the French supervisory authority, Autorité de Contrôle Prudentiel et de Résolution (ACPR), and that resulted in making Caisse Fédérale de Crédit Mutuel, the common Caisse for the 11 Crédit Mutuel groups formed by:

– Crédit Mutuel Centre Est Europe – CMCEE – (Strasbourg)
– Crédit Mutuel Ile-de-France – CMIDF – (Paris)
– Crédit Mutuel Midi Atlantique – CMMA – (Toulouse)
– Crédit Mutuel Savoie-Mont Blanc – CMSMB – (Annecy)
– Crédit Mutuel Sud-Est – CMSE – (Lyon)
– Crédit Mutuel Loire Atlantique Centre Ouest – CMLACO – (Nantes)
– Crédit Mutuel Normandie – CMN – (Caen)
– Crédit Mutuel Méditerranéen – CMM – (Marseille)
– Crédit Mutuel Dauphiné Vivarais – CMDV – (Valence)
– Crédit Mutuel du Centre – CMC – (Orléans)
– Crédit Mutuel Anjou – CMA – (Angers).

Each local bank is a member of the Federation in its geographic region and each Federation retains its autonomy and prerogatives in its territory.

In this report, we use the term CM11 Group, which comprises:

- the Federations and their affiliated Local Banks;
- the BFCM group and its subsidiaries.

The term "Group" refers to the entire Crédit Mutuel group, unless specified that it is the CM11 Group..

Unless otherwise specified, the term "CM11 Group", and the scope applied in the context of Corporate Social Responsibility, refers to the following entities:

- the regulatory scope described above (i.e. 11 Federations and the affiliated regional and local Crédit Mutuel banks);
- "CIC Group": subsidiaries in France
- "ACM Group": ACM IARD, Groupe des Assurances du Crédit Mutuel (GACM), ACM GIE, ACM Vie, ACM Vie Société d'Assurance Mutuelle, Serenis Vie, ACM Services, Serenis Assurances, ICM Life, Procourtage, MTRL, Partners, Voy Mediación, Agrupació and ACM RE
- "Technology Division": Euro Information Services, Euro Information, Euro Information Production, Euro Information Développement, Euro Information Telecom, Euro Protection Surveillance and Targo IT Consulting.
- BFCM and its subsidiaries
- BECM
- CIC Iberbanco
- "COFIDIS Group": subsidiaries in France and abroad
- "Press Division": all subsidiaries
- Targobank Germany: all subsidiaries

This scope corresponds to the consolidated scope of the CM11 Group's annual report/registration document for the 2014 fiscal year.

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 confederal 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 stock-owning members within the limit of the nominal value of the shares they hold.

This 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". 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 the said remuneration.

These subsidies are repayable on a return to better fortune. 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 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 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

Corporate social responsibility binds together the fundamental cooperative values (mutual support, solidarity, responsibility). Providing quality products and services that are accessible to all calls for economic efficiency and combating all forms of exclusion. Solidarity with a region and between generations means contributing to employment, preserving the quality of life and therefore protecting the environment. Social responsibility can only be achieved through the involvement and shared responsibility of all the players concerned.

Preserving our identity and fostering our originality means developing a cooperative corporate social responsibility. Crédit Mutuel's strong regional presence, its close ties with the different players and its determination enable it to meet the expectations of its customers and 4.48 million stock-owning members (1.1% more than in 2013) [GOUV63].

The economic and social environment in 2014/2015 continues to be marked by tighter prudential constraints, greater demand for transparency from consumers and citizens in general, an economic slowdown and heightened environmental concerns.
Financial inclusion, shared growth and reducing our carbon footprint continue to be major priorities for all CM11's regional groups and subsidiaries.

The sustainable development approach implemented by the Group reflects greater and shared awareness and reaffirms Crédit Mutuel's fundamental values. These modern values so necessary to society continue to guide our day-to-day operations and our goals.

Our continuing goal is to weave our actions into an overall corporate and social responsibility approach. Against this backdrop of growing pressure on banks' responsibility with regard to the major challenges facing society, the Group wishes to reaffirm its cooperative identity.

This report contains:

- An overview of the diversity of the actions carried out and commitments given by the groups and their subsidiaries, which are described in greater detail in the individual annual reports or special reports published by the Group's entities.
- Tables with quantified data consolidating the extra-financial indicators used by the Group.
- A description of the methodology used, drawn up with input from the independent third-party verifiers, outlining 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 II Law and more clearly define its medium-term goals in this area.

The CM11 Group takes into account the impact of its activities and the resulting responsibilities both in the performance of its banking businesses and as a cooperative group. On a day-to-day basis, this is reflected by concrete actions: being attentive to its stock-owner members and allowing them to express their views; building the skills of their representatives on the board of directors; maintaining a close relationship with stock-owner members and customers and innovating to satisfy their needs; mobilizing staff around meaningful projects; working with associations in its regions; protecting the environment and limiting its consumption of natural resources.

VII.1.2 - Sustainable development strategy: a bank serving the general interest

Led by several regional and national directors, the Group first began to examine the issues of sustainable development and corporate responsibility many years ago from a dual standpoint as economic agent and a cooperative institution. . A formal policy was drawn up more than nine years ago, enabling the Group to gradually build and add to a reporting base consolidating all the actions and commitments put in place. This reporting base initially inspired by our cooperative principles now to a large extent meets the legal requirements that have gradually become mandatory. The cooperative reports and other reports on mutualist activities that already exist within the Federations make it easier for the Group to comply with the new reporting requirements. The active involvement of all within the CM11 Group, from local banks to subsidiaries, has over the years enabled it to build up group expertise, develop reliable data collection and partly automate indicators, particularly in 2014, and set improvement targets. Some group entities have woven corporate social responsibility into their strategy planning. At CMLACO, an "agenda 21" commission was set up five years ago and takes action on the ground, particularly on environmental issues. The CMN and CMA federations have applied the same approach in their "2014-2016 Medium-Term Strategy Plan". Generally speaking, corporate social responsibility is steered by Confédération Nationale, but each entity acts at its own level to launch local actions (paper sorting, etc.).

At each Federation within CM11, a CSR officer has been appointed and reports directly to the Federation's General Management. Local action plans are approved by the Federation's Chairman and/or Chief Executive Officer [GOUV72].

CSR officers have also been appointed at each of the subsidiaries or business lines (a business line groups several subsidiaries carrying out the same activity: ACM group, Press division, etc.). The action plans are implemented in close collaboration with the management of the entities concerned.

A cooperative core

CM11's corporate and social responsibility approach is influenced to a large extent by its organization as a cooperative group but is also applied to all its subsidiaries. Their dual capacities as members and customers enable the Group's users/co-owners to contribute to its management and help define its strategic choices. In this close relationship with member-customers, who are more than just consumers, the local banks are the keystone of cooperative governance. This was strongly underlined in 2014 by the very clearly cooperative tone of the Group's advertising campaigns and institutional communication. This resulted early in 2015 in a major TV and press campaign inviting all Crédit Mutuel stock-owner members to attend the General Meetings of their Local Banks.

In 2014, the Group's 1,412 local banks [GOUV03], the 11 regional federations, the *Chambre Intersyndicale* and the *Caisse Interfédérale* each organized General Meetings, enabling the 4.48 million member-customers [GOUV63] to elect their representatives, on a "one man, one vote" basis. This resulted in the election of 16,493 voluntary directors (0.5% more) [GOUV04], of whom 30% were women [GOUV33].

Members' concerns focus on four main areas: pricing, a major concern that tops the list at two-thirds of the Federations, ahead of remote banking and security, telephony and the cooperative identity.
Initiatives have been taken to increase members' involvement in the Group's democratic governance, but their effective involvement depends greatly on each local bank's environment (rural area, city, history in the area, community momentum, means of promoting involvement, etc.). At these democratic meetings, particularly when local and regional directors are elected, Crédit Mutuel's directors are highly representative. The Federations encourage more active participation of women and encourage young people to become involved in the life of their Local Bank. They work to heighten elected directors' awareness of the need for generational renewal (through age limits, limits on the holding of multiple offices) and to encourage diversity (recruitment guides, gender parity, etc.). In 2015, the corporate brochure "Si j'étais banquier, je ferais de mes clients des sociétaires" (If I were a

banker, I would make my customers members) was replaced by a new brochure with a new catch-phrase "Une banque qui appartient à ses clients, ça change tout". (A bank that belongs to its customers, that changes everything). The new version of the corporate brochure designed to describe Crédit Mutuel's specific features highlights five points:
- no shareholders: members are co-owners of their local banks;
- one person, one vote: members elect their representatives at the General Meetings;
- closeness: exchange of views and support;
- autonomy of the local banks: decisions are made at the local level;
- no commissions: advice and solutions in the customers' best interests.

The work carried out by the Chambre Interfédérale working group assigned to institutional issues took concrete shape in 2014 with a community tool rolled out at all the member groups, the Mutualist Action Plan or PAM (Plan d'Action Mutualiste). Each local bank has therefore drawn up a PAM in line with the goals it entered into the BILMUT application. These goals respond to the conclusions drawn from the local bank's CSR data for the past year. The action plans proposed provide an indicative framework that in no way prevents a bank from deciding to take additional action. Each Federation can adjust the proposed action plans, adding to them or honing them down according to its own strategy.

Numerous training courses are provided for voluntary directors to enable them to fulfill their function. Training for voluntary directors totalled nearly 77,000 hours for the Group as a whole [GOUV56].

Economic strength

In a strained and increasingly competitive international economic environment, CM11 has strengthened its fundamentals, thanks in particular to the quality of the local services provided to its members, and the quality of the work carried out by all its subsidiaries. While developing responses for all its customer bases to the benefit of the regional economies, the Group is frequently ranked as one of the safest banks in France and Europe.

The Crédit Mutuel network, number 1 in the banking sector in the BearingPoint – TNS Sofres 2014 Customer Relationship ranking: this distinction, awarded for the eighth time, attests to the relationship of mutual trust between Crédit Mutuel and its member-customers**.**

Crédit Mutuel was ranked as the best French banking group for the third time by World Finance : the UK magazine underlined the Group's active role in financing the real economy and its cooperative operating model. It highlighted its strength as a bank insurer, its international expansion strategy and its technological expertise.

Crédit Mutuel ranked 35th in The Banker's Top 1000 (July 2014) based on Tier 1 ratio. Clarity and the safety ensured by its financial strength are also part of the quality of the service provided to customers. Customer satisfaction, one of the keys to its development, is measured regularly (CIC, CM, etc.) in all the Group's main markets, to identify changes and take appropriate action (satisfaction surveys, presence and dialog on the social networks, etc.).

Despite difficult economic and social conditions, the CM11 group posted a strong 4.5% increase in bank deposits. Crédit Mutuel 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. Home loans increased by 1.4%, thus representing more than 51% of the Group's total outstanding customer loans of €287.2 billion.
Against a background of slowing economic activity in France, investment loans granted by the Group increased by 3.9% relative to 2013 ,thereby helping to finance the regional economies. Crédit Mutuel thus actively sustains the local economic fabric by contributing to local development and employment.

Helping to finance regional development and jobs

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. CM11's core business - retail banking - accounts for almost 70% of net banking income and confirms the relevance of a business model focused on close ties with customers and listening to their needs.
Through their mobilization, the staff and elected directors reinforce the Group's financial strength, ensuring greater safety and endurance and contributing actively to providing access to banking services for all in France.
By strengthening its network of banking outlets 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, CM11 distributes its products and services both in France and abroad.

With a strong presence in rural areas and city outskirts, CM11 ensures that no population group is left behind thanks to its well-balanced network of local banks In 2014, more than a quarter of its outlets (one third at the cooperative scope) were located in municipalities with fewer than 5,000 inhabitants and in priority rural employment zones (ZAUER) and 28.28% of urban free-trade zones (zones franches) were served by the Group [SOT08].
This shows its constant determination to provide quality service adapted to each of its members-customers in every part of France.

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 partnership with the business creation agency APCE (Agence pour la création d'entreprise) and BPI France, the Group has developed a pedagogical space, "tout pour entreprendre", on its website dedicated to business start-ups and takeovers.

In addition to its "classic" banking offer, CM11 at its regulatory scope granted €38.49 million in loans of less than €3,000 in 2014 [SOT13]. CM11 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, B.G.E. (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.

CM11 supports numerous bodies working to prevent social exclusion (Job insertion bodies, local agencies, neighborhood organizations, etc.) and works in particular with sheltered workshops (ESAT and CAT) to promote the inclusion of disabled workers [SOC70].

VII.1.3 - An ambitious human resources policy guided by mutualist values

Essential to all its economic activities, the men and women that form the Group are of prime importance. The Group's 65,886 employees [SOC01] 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, with incentive and profit-sharing schemes that are favorable to employees.

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 occupational diseases, safety and employee health issues [SOC45]. Data is collected on sick leave and work-related accidents [SOC38, 39, 40, 43, and 44] and published in the quantitative data tables. At all entities with over 50 employees, a work health and safety commission (CHSCT) is in place to protect employees' health and safety and improve working conditions. No agreements relating to health and safety in the workplace were signed in 2014.
In 2014, CM11 employed 47,286 full-time employees, including 2,907 in the Press division and 3,927 in the Technology division, [SOC29] and 7,550 part-time employees, including 169 in the Press division and 3,650 in the Technology division [SOC30].

For many of the Group's entities, 2014 featured:
• Continuing implementation of the action plan to prevent stress at work (CIC, CFCM, ACM, etc.) The issues dealt with concerned workstation ergonomics, the intranet, use of the messaging service, the role and training of managers as well as assistance for employees [SOC84].
• Adopting charters relating to the prevention of harassment and violence, included in the internal rules of the companies concerned. Leaflets entitled "Preventing any type of harassment and violence in the workplace" were handed out to employees.

- Training for executives and managers in psycho-social risks and respecting union rights.
- Training in handling incivility
- Internal audits
- Putting in place a single data base of economic and social data

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 [SOC83 and SOC84]. Following these national agreements, discussion may begin to take into account factors specific to the regions concerned. Crédit Mutuel organizes regular discussions with the unions and staff representatives, following on from the agreement relating to union rights and labor relations signed in June 2012 with all six unions concerned and updated in September 2013. 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 2014 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 2014 resulted in wage agreements that are among the most beneficial to the employees in the banking sector [SOC83]:

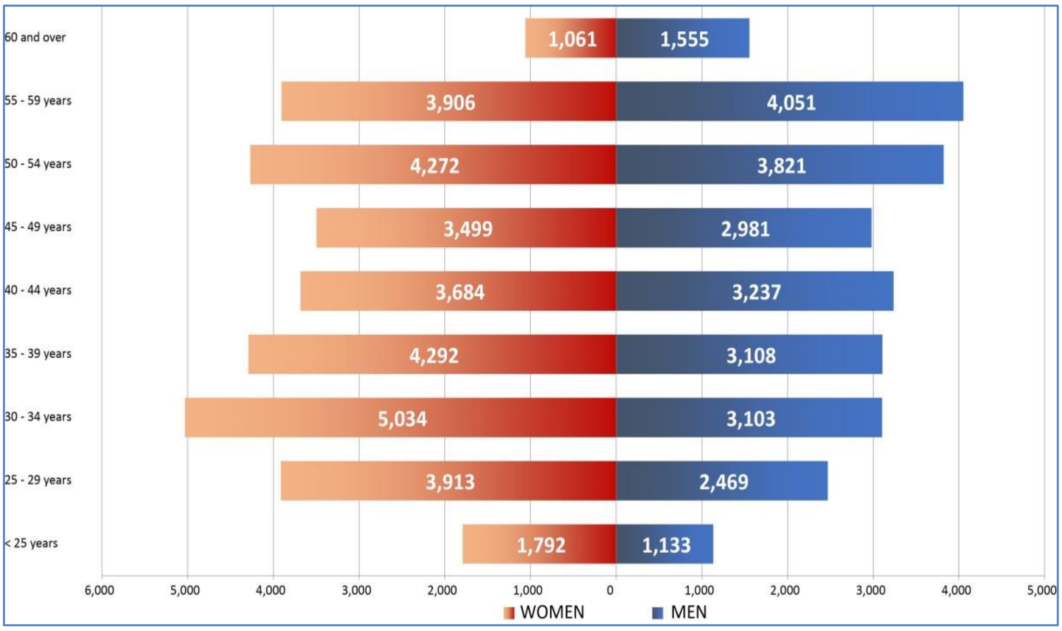
- Enhanced employee incentive and profit-sharing agreement signed on June 30, 2014; and
- Agreement on professional equality signed for the ACM economic interest grouping on April 16, 2014.

A Group Management Charter was drawn up in 2014. This charter is designed to improve the quality of life at work by promoting the Group's managerial values. Management case files have been prepared for managers. Each file outlines a specific management situation, sets forth the recommended practices and proposed lines of action. All these documents are available to all the staff via intranet.

Jobs, training policy and career advancement

The Group's managers are committed to combating discrimination in any form [SOC69] and promoting professional equality between men and women [SOC56]. These commitments are set forth in the intranet publication called: "Management: best practices" ("Manager: les bonnes pratiques"). The organization of working hours is measured through indicators [SOC29] to [SOC30].
As its operations are mainly in France, preventing job and professional discrimination outside France [SOC64] concerns the Group very little or not at all.

CM11 - Breakdown of headcount by age group [SOC88 to SOC105].



Sustainable human resources management consists not only in respecting diversity and developing skills; it also means encouraging independence and career progression. Many initiatives have already been taken in this direction: professional training to develop skills and promote advancement, diversity in recruitment and increased attention to gender balance. Further initiaitves are being developed and improved such as those geared toward managing age issues and integrating disabled workers.

Career development at every level of responsibility within the regional groups is based on substantial and ongoing investment in training. In 2014, 61.41% of employees received training, with an average of one week of training per employee, and were given substantial self-training time (in particular via intranet tools).
Within the CM11 Group, 40,462 employees attended training courses in 2014, representing a total of 1,631,444 hours. The portion of payroll invested in training at the Group level amounted to €102,274,441.97.

The 2014-2016 training program is designed to accompany implementation of CM11's medium to long-term strategy plan. It aims to meet the needs of the group's development plans and to accompany future organizational and job changes.
It offers three types of responses:

- strategic actions to meet collective training needs linked to the company's expansion strategy, to developing or acquiring collective skills or to external constraints. 2014 featured the deployment of the "manager avec l'EADC2 " training program to support implementation of the "Use our skills" ("mobilisons nos compétences") corporate project, based on the relationship between managers and their teams, with the aim of supporting employees' career development projects within CM11.
- job training: specific job training for employees of the various networks;
- individual skill building.

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, diversify recruitment and promote equal opportunity. Employment is not an adjustment variable, it is a strategic objective. Numerous groups in

France, Belgium Spain and Luxembourg have signed diversity or gender equality charters that are implemented for recruitment and promotion.

A generation contract action plan was presented on April 7, 2014 to combat intergenerational discrimination (against young and old). Measures have been taken in favor of older employees and most Group companies have undertaken to maintain older employees in their jobs and keep the proportion relative to the total workforce in line with that in 2012 over the three years of application of the plan.
On December 9, 2014, a new agreement on professional equality in recruitment was signed for the CM11 Group, updating the March 2007 agreements. Between the dates of these two agreements, the percentage of women increased by four points. The new agreement sets a requirement for gender monitoring of five indicators relating to the headcount, three indicators monitoring part-time work, two indicators measuring hires and departures, two indicators relating to benchmark-jobs within the sector, two indicators relating to training, an indicator measuring access to management status of men and women and an indicator relating to average annual pay per benchmark-job.

In 2014, CM11 hired 14,420 new employees [SOC13], while 3,559 employees left the organization (including 411 dismissals) [SOC19] and [SOC20].

Virtually all Group companies have developed ties with schools and universities to facilitate job insertion (meetings, partnerships, work-study programs, apprenticeships, etc.) and have undertaken to facilitate their recruitment. 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 39 % in 2014 [SOC60]).

The gender equality agreements signed aim to ensure equality in terms of recruitment, pay and career progression, with the same possibilities of reaching management positions for men and women, and their application is monitored carefully. Total gross annual payroll for employees on permanent contracts amounted to €2,536,506,902 [SOC107]. Each entity performs a annual review of individual employees' pay and progress compared with targets set with the employees. Within the CM11 group, the "REVREM" salary review system enables managers at most entities to assess individual employees' situation in terms of the performance of their function and their position with the salary scales set in the different wage agreements.

Promotion of and compliance with International Labor Organization 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 in France and in its foreign subsidiaries. [SOC65, SOC66 and SOC70]

In all its operations, the Group respects the right to freedom of association and collective bargaining: regular meetings of staff representatives (Works Councils, CHSCT, employee representatives, etc.). No corporate officer of any entity within the CSR scope has been convicted of preventing the proper operation of these rights. The agreements relating to union freedom with Crédit Mutuel (sector agreements and company agreements) were updated in the second half of 2013 and applied in full in 2014.

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. CM-CIC Services 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) [SOT81].

VII.1.5 - Environmental issues

Sustainable development is at the center of our actions. The Group works toward better management of resources, energy savings and reduced environmental impact.

The quantitative data relating to environmental issues is provided in the table of quantified indicators.

Reducing our environmental footprint

Given its activity as a service provider, the Group's environmental impact is limited. Areas for improvement in its operations have nonetheless been identified. Numerous initiatives have been taken and quantified objectives have been set that take into account the specific nature of its activities (stepping up the reduction in paper consumption through electronic documents, recycling office consumables, more efficient travel planning, reducing energy consumption: lighting, heating, putting computers in sleep mode, etc.). A self-training module on social and environmental responsibility was tested in 2014 and will be rolled out for all staff in 2015 (adapted to the different entities and the existing level of knowledge) [ENV01].

Given the nature of its activities, the Group's actions focus mainly on water and paper. The first step consisted in defining the scope, identifying the suppliers and ensuring accurate data collection. Reducing consumption of natural resources necessarily requires a precise knowledge of existing consumption. [ENV202 and ENV203]
Numerous measures to reduce water consumption have been put in place: presence detectors, reducing water flows, drinking-water dispensers connected to tap water instead of containers that need to be transported, fitting tap aerators, automatic watering systems, etc.

The plan to reduce greenhouse gas emissions (BEGES) implemented in 2012 at all the entities legally required to do so, has been continued by developing automated data collection and reporting tools. Common objectives and objectives adapted to each entity according to its geographic locations, buildings used, etc. have been defined. Reviews of 2014 greenhouse gas emissions are underway at most group entities in order to prepare the next mandatory report in 2015 and plan corrective action if necessary.

Several initiatives have been taken in terms of travel planning, with car pooling sites (intra and extranet) set up at CMCEE in Strasbourg or co-financed, such as that of Parc de la Haute Borne co-financed by Cofidis. Company travel plans have been drawn up at some locations, particularly Lille, Strasbourg, Nantes (CIC, Cofidis, CMLACO, etc.) [ENV37]. Some car fleets, company car fleets in particular, have been reviewed by applying increasingly restrictive criteria particularly in terms of carbon emissions (lower capacity engines and hybrid or electric vehicles). 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.

The Group's check-book subsidiary, EP3C, is examining the possibility of obtaining environmental certification of the printing of all the check-books supplied to all the Group banks. Lastly, the Group is the biggest user of La Poste's 'green' stamp service (i.e. not using airmail or night work), with a penetration rate of 80%.

Within Euro Information, the supplier procedure is one of the ISO 9001-certified Quality processes monitored and audited by AFAQ (last audited in June 2014). The procedure has been drafted and published and sets forth all the various stages of starting a business relationship, contracting and managing the relationship with the supplier. The procurement department requests the supplier's CSR report in order to know is policy in this area. For the hardware equipment circuit, EI covers the purchasing cycle until recycling, destruction and waste collection in five areas of activity: terminals, cards and electronic payments, self-service banking, video and telephony [ENV39] and ENV206].

Energy transition

For the past several years, Crédit Mutuel has developed environmental incentives at the local and regional levels for adapting to the consequences of climate change. It has developed specific products: as well as interest-free environmentally friendly loans, it offers long and short-term energy savings loans It 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. The Group also supports the development of renewable and alternative sources of energy. In 2014 it financed several micro-hydroelectric plants (in particular the Annonay and Tullins plants financed by CMDV) and the creation of solar plants (two in the US and one in France financed by CIC) and wind farms (six in France and one offshore wind farm in the Netherlands) [SOT60].

Most of the building and renovations work projects underway at Crédit Mutuel buildings are High Environmental Quality (HQE) projects (Paris, Valence, etc.) or aimed at achieving the BBC energy efficiency label tNantes, Orléans, etc.) [ENV40]. Connection to collective heating networks is preferred whenever possible (Nantes, Strasbourg, etc.). In its real-estate policy, Crédit Mutuel Loire-Atlantique et Centre Ouest's subsidized housing subsidiary, Atlantique Habitations, has applied a strategic and structuring global CSR approach comprising an audit phase, an awareness building phase and a review performed as part of the preparation of its medium-term strategy plan. A new step will be taken in 2015 and 2016 with assessment of its action using the EURHO-GR European housing global reporting guidelines [ENV38 et ENV204].

Several measures have been taken to preserve and develop biodiversity, in particular by factoring in environmental criteria when financing major projects (respect for protected areas) and in the investments made by CM-CIC Capital Finance and its subsidiaries in certain business sectors. Examples include CM-CIC Capital Innovation's financing of a company aiming to produce to produce gassy hydrocarbon molecules from renewable sources, particularly non-food agricultural resources, and CM-CIC Capital Finance's investment in a company involved in the collection, sorting and recycling of dry and clean waste.

Although it has no particular vulnerability to the hazards of climate change, the Group has begun to develop strong expertise in reducing energy consumption. CM-CIC Services Immobilier, the subsidiary that manages a large part of the Group's property, has already begun to prepare for application of Law No. 2013-619 of July 16, 2013 bringing French law into line with European Union law relating to sustainable development and introducing an obligation for large corporations to carry out a first energy audit or comply with ISO 5000-1 standards by December 5, 2015. Discussions are underway with the public authorities on proper application of the provisions of the November 2014 decrees (energy audits) by cooperative groups.

Management of environmental and social risk

The procurement policies implemented by the sub-groups are gradually factoring in sub-contracting issues, relations with suppliers and their social and environmental impact. Very few activities are sub-contracted and Crédit Mutuel uses mainly suppliers located almost exclusively in France, thereby limiting the transfer of risk. Policies to control water consumption have been implemented by many of the Group's entities.

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.

Some sub-groups have invested in funds for decontamination of polluted industrial land and in venture capital funds for financing solar energy projects and several other renewable energy projects have been examined or are under study (methanization units and wind farms).
For example, CIC has introduced an internal valuation methodology that uses the "Equator Principles" classification scale.

VII.1.5 - Involvement: strengthening its social commitments

Social and environmental responsibility can also be defined as respecting stakeholders' expectations. 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. The Group's development cannot be envisaged without its commitment to its member-customers and to economic and social cohesion.

This is reflected in its patronage activities which, apart from CIC's cultural patronage (support for the Aix Easter festival, restoration of Hôtel des invalides), are for the great majority focused on solidarity and mutual support mechanisms (see section 4.2).

Representing our 4.48 million members - the prime focus of the CM11 group's commitments, our 16,493 directors are also the main spokesmen for society and its needs. Aware of this richness, the Group works to develop the vitality, diversity and active involvement of its member base.
Its relations with its stakeholders comply with the values set forth in CM11's code of ethics, which is described below.

CM11's stakeholders are as follows [SOT44, SOT45, SOT46 and SOT47]:

Internal stakeholders * Member-customers/directors * Regional federations * Employees * Executives & management * Subsidiaries and joint companies	Business stakeholders * Customers * Suppliers * Sub-contractors * Business partners * Competitors
Industry stakeholders * Market relations * Public authorities * Supervisors/regulators * Rating agencies	Social stakeholders * Cooperative institutions * Associations/NGOs * Media * Civil society/Parliament

Fair practices

As well as the various codes and charters implemented by Group companies, an effective system for combating money laundering (AML) and terrorist financing has been put in place. This adapts the general principles to each business line through detailed procedures and self-training modules. 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 [SOT79].

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 results are reported regularly to the regional groups' permanent control committees, audit committees and boards of directors.

Crédit Mutuel has operations in Germany, Belgium, Spain, Luxembourg, Monaco, Portugal, Switzerland and, through its subsidiaries, in several Eastern European countries, mainly in retail banking activities. These operations are known to all and presented in a prominent position in the Group's communication (annual reports and websites). The countries in question are neighboring countries with which Crédit Mutuel, given its organization and history, has had natural ties for many years. Lastly, to fulfill the goal of international transparency it has set, the Group ensures that all these activities comply with the applicable regulations and tax rules.

The Group has introduced stronger security measures for customer transactions via the Internet. The CM11 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, *Barre de confiance CM,* which is installed in the browser-Firefox, Chrome or Internet Explorer- and secures it: as soon as a phishing site is detected, it blocks the page and advises the user to leave the page 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.

Corporate social responsibility also includes ensuring integrity and honesty at every level of the organization. CM11 entities and their subsidiaries implement the same Code of Ethics and Professional Practice and perform annual reviews of compliance with the eight rules of good conduct that apply to all, elected directors and employees, according to their respective levels of responsibility. It is based on the general principles of best serving customers interests and strict compliance with confidentiality rules.

With a response rate of close to 100% and a compliance rate of more than 95%, this system is now firmly implanted within the Group. This year, the special focus was on respecting people, which produced fairly positive results.

Thanks to this review, CMCEE and CMLACO have identified training as one of their priorities for 2015, as the 2014 score was lower than expected. The Group is waiting for the detailed results and is particularly interested in analyzing the level of compliance with eligibility rules for directors. CMA has decided to organize an annual directors' meeting on application of the code.

This code is published and available on the Group’s websites. The foreword to the code stresses the Group’s commitment to:

- encouraging members’ involvement in the activities and governance of their local mutual bank;
- building strong and lasting relations with members and customers based on reciprocal trust, transparency and compliance with mutual commitments;
- listening to, advising and helping members and customers with their projects and their difficulties;
- offering high-quality products and services to members and customers;
- contributing to local development and employment by encouraging people to save and channeling deposits into the local and regional economy [SOT59]; and
- helping improve the living environment, resolving social problems and promoting sustainable development.

Employees who hold “sensitive positions” are subject to even stricter professional rules governing and limiting their personal transactions. At CIC, each branch performs an annual review of the proper application of these rules as part of its internal control mission. For foreign operations, particularly in Singapore, employee training includes the UK Anti Bribery Act and the US Foreign Corrupt Practices Act (FCPA).

Committed to transparency and clarity in its relations with members and customer, 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, ‘associathèque.fr’. The 2014 review of visitor numbers showed a significant increase in traffic for this website, which has been open to the general public since 2009, and provides information and support for all voluntary workers, directors and creators of non-for-profit associations and offers exclusive content for associations that are customers of Crédit Mutuel. More than 500,000 people have visited the associatheque.fr website, consulting it more than three times a month on average, bringing the number of visits to 1.4 million.

2014 was the second year in which the mediator's scope extended to disputes relating to the marketing of insurance products directly linked to a banking product or service distributed by the bank (loan insurance, insurance for payment instruments, financial instruments, savings products, etc.). In 2014, for CM11 and CIC the mediator received 1,678 eligible applications and issued 969 decision in favor of customers and applied systematically. Although mediation decisions are not binding on the networks, the mediator's decision has always been applied by CIC regional banks and the CM11 federations.

Lastly, the Facil’Accès program set up in 2009 is being adapted to better respond to the needs of vulnerable customers, to correspond to the new regulated offer and give 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 [SOT39]

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 voluntary unpaid directors, the local banks know how to find the right solutions and extend a “helping hand” to members and customers through customized solutions and adapted financing or waiver of bank rejection charges. 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 unpaid voluntary 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 mutual banks have devised the Areas agreement to facilitate access to insurance and credit. In addition, several federations have published ‘solidarity guides’ to help directors and account managers to provide concrete and suitable answers to the specific needs of members who are in difficulty.

Some regional groups have been involved in original initiatives for several years: Following the explosion at the AZF plant in Toulouse, Crédit Mutuel in 2001 became the first bank to grant personal microcredit, via the "guaranteed personal project loans" initiative launched in partnership with the Secours Catholique social aid organization. Microcredit has since become part of a State scheme, managed by the Fonds de Cohésion Sociale (FCS) social aid fund, which requires in exchange that the beneficiaries be presented and backed, in particular by aid associations. The FCS guarantee enables banks to offer very reasonable loan conditions, in line with market conditions, even though the forecast (and observed) loss rate is two, or even three, times higher than for ordinary consumer loans (close to 10% of loans have recorded one or more non-payments to date). 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 FamillesRurales, to extend access to subsidized microcredit to rural areas.

Within Federation Centre Est Europe, assistance for members in difficulty is for the main part provided directly by the local banks. Thanks to their in-depth knowledge of their members and with the help of the voluntary 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 €38 million to respond to 22,721 urgent requests from members and help them out of their difficulties. In the Paris region, the creation of SOL.AVENIR provides a means for helping members for whom a banking solution can no longer be envisaged. Aid can be granted to finance training, equipment or a guarantee deposit for amounts of between €500 and €5,000. The beneficiary undertakes to repay the sum according to a repayment schedule drawn up when the aid is granted or, more generally, on return to better fortune. To ensure that responsibility is shared, the local bank that presents an application for aid will, the following year, pay an additional contribution equal to 25% of the aid granted to its member.

Crédit Mutuel has several warning systems designed to prevent over-indebtedness. These are being strengthened as there are several overlapping procedures within the Group. For example, the Solidarity Practices Guide (guide des pratiques solidaires -GPS) created in 2010, particularly in Paris, was updated recently to take account of the charter for banking inclusion and prevention of over-indebtedness.

Crédit Mutuel has set up a national platform to deal with situations of over-indebtedness. This platform manages the repayment schedules of tens of thousands of cases arising from conventional or court measures. The Group's various actions help to limit the over-indebtedness rate among its customers and their inclusion in the National Register of Household Credit Repayment Incidents (Fichier des incidents de paiements - FICP). Although the Crédit Mutuel banks and CIC branches have a 10% market share in consumer credit and a 20% market share in home loans, the percentage of customers included in the FICP is only 5% to 6%. Also, within the national banking bodies and consultative bodies (CCSF, etc.), Crédit Mutuel has come out strongly in favor of a warning and prevention system relating to the holding of multiple loans without going to the other extreme of an over-sized credit register. The aim is to prevent the "forced" or "active" over-indebtedness of low and middle income households through a warning indicator of existing borrowings when a new loan is applied for. Crédit Mutuel has submitted very concrete proposals to the public authorities with a view to changing the regulations and national systems to better protect consumers [SOT80].

Alongside its long-standing commitment to responsible economic development and social integration, the Group is deeply involved in promoting culture, music and national heritage and in combating illiteracy and promoting reading. With regard to its actions in favor of Reading, the Vaincre l'illettrisme program to combat illiteracy received the most financing (36% of the amounts allocated by the Foundation in addition to co-financing by the local banks and federations). Part of the Crédit Mutuel Foundation's budget to promote reading was allocated to the launch on July 1 of the "Innover pour lire" award rewarding innovative initiatives in favor of reading. With a budget of €30,000 and open to all associations, whether sponsored by the Foundation or not, and to people working with the associations, this award is designed to support innovative projects or projects with a social dimension in the area of promoting reading.

Several sub-groups have set up their own foundations in France, and also in Spain with ACM's foundation, Fundacion Agrupacio, which develops programs for the elderly and for disabled people and promotes research in the area of health care. In Pornic, CMLACO's Cémavie foundation has taken over an old-age residence as part of its policy of caring for the elderly and is planning major renovation of the building. With charity status since 2007, Cémavie currently manages four old-age centers including Les Jardins de la Chenaie, which houses 90 people including 28 suffering from cognitive disorders and cared for in protected units. Apart from residence with medical care, the aim is to offer a genuine home by building social ties between the residents.

The Federations have developed numerous partnerships with schools, universities and vocational training institutions in France and abroad (ACM in Spain). Links have been developed to facilitate internships and work/study programs.

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.
In 2014, numerous funds again received the Novethic label, thereby providing investors with a guarantee of the transparency and traceability of their investments.

On October 16, CM-CIC AM launched SRI week with a talk on "SRI and CSR, for investing differently. How to tie in CSR and SRI" by Louis Schweitzer, General Commissioner for Investment and chairman of Initiative France. 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, promotes the AFG-FIR transparency charter since the beginning and adhered to the UN Principles for Responsible Investment (PRI) in 2012.

The [SOT28] (SRI assets under management) and [SOT37] (Socially responsible employee savings plans) indicators are presented in detail in the national CSR report.

International cooperation and solidarity

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 thirty 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.

In 2014, against a difficult political backdrop throughout Africa, Centre International du Crédit Mutuel reaffirmed its goals: to continue the commitments made, improve risk coverage for all the subsidized banks in Africa and South-East Asia and work to give the banking networks independence. CICM banking services mainly address regions that have been left out of growth for geographic or social reasons, such as the regions in West Africa where the percentage of people with access to banking services is of around 7%. By giving access to credit to the poorest populations, to peasants who can thus purchase equipment and change their production methods and way of life, the networks supported by CICM bring cooperation to life.

Among CICM's partners, the MUCODEC entities have adopted a CSR plan. This plan focuses on five areas over three years: ethics, professional conduct/quality, safety/respect, environmental protection/hygiene, health/social actions. The program is driven by determination to improve the performance of the management system and improve the services provided; promote environmental protection; and ensure control over the documentation and safety/health conditions in the workplace. Planning, verification and improvement phases have been scheduled with a view to obtaining ISO certification in 2015. Almost half the staff, 210 employees, have already been individually interviewed to analyze the gap relative to standards, i.e., checking that the job description corresponds to the way the job is actually performed. The issues at stake with regard to CSR are numerous: financial, reputation and regulatory, but they also include confirmation of the human values applied in the development of the MUCODEC network.

A first mobile bank was set up in the MUCADEC network, in Ntui in Cameroon. As part of a test project financed by the European Union, a 20-foot container was recycled and fitted-out as a bank branch. After being secured, it was insulated, computerized and electricity was installed with a power-generator in case of electricity cuts. The projects aims to test the potential of the target zone by identifying and developing contacts with responsible agents on the ground while taking all the necessary precautions for planning permanent action. If at the end of two years, the experiment has taken root, a definitive branch will be set up and the mobile branch will be moved to another promising area.

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 (154 homes, a school complex, shops and sports facilities). All the work was carried out using local labor, with a focus on quality materials and building techniques that comply with anti-seismic and anti-cyclone standards. In 2014, the first residential neighborhood at Lafiteau was completed and the second lot (48 residential units for hospital workers) was finalized. The work to render the French hospital at Port-au-Prince self-sufficient was also completed.

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

For details regarding the composition of the sub-groups, please refer to the reports published by the reporting entities.

The Technology division comprises the following entities: Euro Information Services, Euro Information, Euro Information Production, Euro Information Développement, Euro Information Telecom, Euro Protection Surveillance and Targo IT Consulting.

The Press division comprises the following entities: Société Française d’Edition de Journaux et d’Imprimés Commerciaux “l’Alsace”- SFEJIC ; L’Alsace ; Mediaportage ; Les Editions de l’échiquier ; Roto Offset Imprimerie ; Distripub ; Presse Diffusion ; JBC ; Groupe Progrès ; Agence Générale d’informations régionales ; Publiprint Province n°1 ; SCI Le Progrès Confluence ; Documents AP ; Immocity ; Le Dauphiné Libéré ; GROUPE DAUPHINE MEDIA ; La Tribune ; La Liberté de l’Est ; L’Est Républicain ; Est Bourgogne Rhone Alpes (EBRA) ; Société de Presse Investissement (SPI) ; Affiches d’Alsace Lorraine ; Alsace Média Participation ; Alsacienne de Portage des DNA ; Dernières Nouvelles d’Alsace ; Dernières Nouvelles de Colmar ; Groupe Républicain Lorrain – GRLC ; Groupe Républicain Lorrain Imprimeries – GRLI ; Le Républicain Lorrain ; Républicain Lorrain - TV news ; Républicain Lorrain Communication ; Société d’Edition de l’Hebdomadaire du Louhannais et du Jura ; Est Bourgogne Médias ; Les Editions du Quotidien ; Est Info TV.

Area	Indicator	Methodological note
SOC01	Total headcount	The data provided covers 97.5% of the scope (the data for CIC's foreign subsidiaries is missing). Note that the scope includes the Press division.
SOC13	Recruitment: Total number of new hires	
SOC19	Number of employees under permanent contracts who left the organization	The data provided covers 96.5% of the scope. The data is missing for the following subsidiaries: - CIC's foreign subsidiaries - Targobank Spain - ACM Voy Mediacion

SOC38	Number of days of absence	The data provided covers 93.5% of the scope. The data is missing for the following subsidiaries: - CIC's foreign subsidiaries - Targobank Spain - Voy Mediacion, Agrupacio et Partners - Cofidis abroad
SOC47	% of payroll costs dedicated to training	The data provided covers 91% of the scope. The data is missing for the following subsidiaries: - CIC's foreign subsidiaries - Targobank Spain - Alsacienne de Portage des DNA - Sofemo - Voy Mediacion - CM CIC Asset Management - Euro Information Service, Euro Information Telecom and Targo IT consulting
SOC50	Training: Total hours of training	The data provided covers 95.5% of the scope. The data is missing for the following subsidiaries: - CIC's foreign subsidiaries - ACM abroad - Targobank Spain
SOC60	% of managerial staff who are women	This indicator concerns the 11 federations
SOC107 SOC108 SOC109	Gross payroll costs- permanent contracts (€) Gross payroll costs- permanent contracts non-managerial (€) Gross payroll costs- permanent contracts managerial (€)	The data provided covers 96.5% of the scope. The data is missing for the following subsidiaries: - CIC's foreign subsidiaries - Targobank Spain - Voy Mediacion
ENV05	Total energy consumption	At least 3.5% of the consolidated financial scope is not covered by the CSR scope (CEC's foreign subsidiaries, Targobank Spain)
ENV09	Paper consumption	At least 3.5% of the consolidated financial scope is not covered by the CSR scope (CEC's foreign subsidiaries, Targobank Spain)
GOUV26	Participation in Shareholders' Meetings % participation in voting	This indicator concerns the 11 federations
GOUV15	Number of newly elected women representatives - Local mutual banks	This indicator concerns the 11 federations
SOT07	% of points of sale in rural areas	Indicator disclosed in the national report
SOT08	% of urban free trade zones covered by points of sale	Indicator disclosed in the national report
SOT10	Number of microloans granted during the year	This indicator concerns the 11 federations
SOT13	Total amount of microloans granted during the year (€)	This indicator concerns the 11 federations
SOT40	Number of non-profit organizations that are customers (associations, labor organizations, works councils, etc.)	This indicator concerns the 11 federations
SOT28	SRI assets under management (€)	Indicator disclosed in the national report
SOT71	Outstanding regulated subsidized loans (PLS - loans for building low-cost housing, PSLA - home rental-ownership loans)	This indicator concerns the 11 federations
SOT37	Socially responsible employee savings plans	Indicator disclosed in the national report

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.

Reporting at the various levels within the Group has been facilitated by the introduction of reporting tools, organization of special meetings and training courses and the publication of a weekly CSR newsletter [ENV43]. Published for nearly the past six years, this newsletter includes general news and market watch and highlights good practices at Group entities so as to develop an active pedagogical approach with regard to CSR. The weekly newsletter is available to all the staff and most of the elected representatives via the Group's intranet systems, giving it a potential readership of 100,000 people. At the beginning of 2015, the newsletter is scheduled to go online on the Group's national website so as to reach members, customers and Internet users.

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 national level, which brings together all the regional federations and the Group's main subsidiaries. At the national level, 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. It is hard to quantify the resources dedicated to CSR accurately as CSR is a cross-company responsibility and can involve many people on a part-time or temporary basis.

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 more than 300 regularly reviewed items that enable the Group to put together the 42 indicators required under Article 225 of the Grenelle II 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. As from 2012, many of the indicators are audited regularly and their reliability checked by the independent auditors so as to certify that they have been disclosed and that they comply with the requirements under Article 225 of the Grenelle 2 law.

Reference period of data:

The data relates to the 2014 calendar year (except for the CIC group in respect of which the environmental data covers the period from December 1, 2013 to November 30, 2014.

Main data collection rules:

Data collection for 2014 was 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. The main difference compared with the previous year is that the new data collected is designed in particular to give a context to the indicators used (specific labor indicators for employees in France, investment with an SRI label as a percentage of total SRI investment, which is itself measured against the assets managed by the specialized subsidiaries). 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 in particular on [SOT82]:

- Article 225 of the Grenelle 2 law;
- greenhouse gas assessments (Decree 2011-829 of July 11, 2011);
- OIT (recommendation 193 relating to cooperatives)
- OECD guidelines
- the Global Reporting Initiative (version 4);
- 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 on the commitments given by the Group at national and/or federal level:

- the principles of the International Co-operative Alliance (ICA);
- The CoopFR Cooperative Identity Charter adopted in 2010,[7]
- the Global Compact (member since 2003);
- Principles for Responsible Investment (PRI),
- 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);
- Transparency international France,
- The World Forum's Responsible Company Manifesto
- The label of the Comité Intersyndical de l'Epargne Salariale (CIES - Inter-Union Committee on Employee Savings Plans);
- The Novethic socially responsible investment label
- The Finansol solidarity products label.

Governance indicators:

Part of the indicators and comments relate to governance. Crédit Mutuel's cooperative model is based on member involvement and democracy. Any customer can subscribe to A shares and become a stock-owning member, i.e. a member of the cooperative that is his local bank and vote at General Shareholders Meetings on a one person, one vote basis.

Labor indicators:

The workforce data relates to the salaried employees on the payroll at December 31, excluding trainees, temporary workers and external service providers. The data relating to days of absence includes all the absences of employees under permanent and short-term contracts and those on work/study programs in respect of the following: indemnified sick leave, non-indemnified sick leave,

[7] Coop Fr is the representative body for French cooperative movements. It sets forth ACI's seven fundamental values: democracy, solidarity; responsibility, sustainability, transparency, closeness and service.

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.

Social indicators:

The data relating to microcredit consists of the data provided by the Group's main partners, i.e. Adie and France Active, which can be 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 outlet in a municipality with fewer than 5,000 inhabitants to be a rural area.

Environmental indicators:

Given the nature of the Group's activities, its impact in terms of noise, ground pollution and other forms of pollution of air, water and ground at its operating sites is not significant [ENV45 and ENV49]. Neither does the Group have any significant impact on biodiversity. However, these aspects have been reintegrated into its overall CSR approach even though they are not included in this report [ENV50]. Credit Mutuel has not recognized any provisions in its accounts in respect of environmental risk [ENV47].

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 a third of the total reported data, consumption is based on estimates. The missing data not input by the contributors has been estimated based on the following:

- When data has been entered for several 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);

VII.3 - CSR report – 2014

Twenty-two indicators undergo a data audit (on-site or at a distance) 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.

CODE	HEADING	Technology division	Press division	CM11 (including Technology and Press divisions)	2013 (excluding Press division)

ENV04	WATER CONSUMPTION (CUBIC METERS)	35,495	55,793	667,294	608,902
ENV05	TOTAL ENERGY CONSUMTION (kWh)	51,538,980	48,257,960	456,261,777	463,126,000
ENV09	TOTAL INTERNAL AND EXTERNAL PAPER CONSUMPTION	305	117	34,848	16,657
ENV31	NUMBER OF VIDEOCONFERENCE SYSTEMS	67	9	267	
ENV32	NUMBER OF VIDEOCONFERENCES	21,902	483	50,855	7,194
ENV44	HUMAN RESOURCES DEDICATED TO CSR		1	22	11
GOUV03	NUMBER OF LOCAL BANKS			1,412	1,382
GOUV04	NUMBER OF ELECTED DIRECTORS AT LOCAL BANKS			16,493	16,410
GOUV05	NUMBER OF ELECTED DIRECTORS AT FEDERATIONS			278	271
GOUV10	NUMBER OF FEDERAL BOARDS			80	
GOUV14	NUMBER OF NEWLY ELECTED DIRECTORS - local BANKS			2,003	1,303
GOUV15	NUMBER OF NEWLY ELECTED WOMEN DIRECTORS - LOCAL BANKS			795	526
GOUV18	NUMBER OF NEW CHAIRMEN - LOCAL BANKS			113	134
GOUV19	NUMBER OF NEW CHAIRWOMEN - LOCAL BANKS			31	32
GOUV22	AVERAGE AGE OF DIRECTORS - LOCAL BANKS			59	
GOUV26	ATTENDANCE AT GENERAL MEETINGS: % PARTICIPATION IN VOTING			4	
GOUV27	DIRECTORS' RENEWAL RATE - LOCAL BANKS			12	
GOUV33	% WOMEN AMONG DIRECTORS - LOCAL BANKS			30	
GOUV55	NUMBER OF DIRECTORS HAVING TAKEN AT LEAST ONE TRAINING COURSE DURING THE YEAR			6,877	6,890
GOUV56	TOTAL NUMBER OF HOURS OF TRAINING GIVEN TO DIRECTORS			76,764	68,658
GOUV57	TOTAL TRAINING BUDGET			2,310,262	
GOUV58	% OF DIRECTORS TRAINED			42%	
GOUV59	HOURS OF TRAINING RECEIVED BY EACH DIRECTOR			11	
GOUV61	NUMBER OF CUSTOMERS OF CRÉDIT MUTUEL LOCAL BANKS			6,847,161	6,711,052
GOUV62	NUMBER OF CUSTOMERS OF CRÉDIT MUTUEL LOCAL BANKS - INDIVIDUALS AND LEGAL ENTITIES			5,897,475	5,981,500
GOUV63	NUMBER OF MEMBERS			4,477,998	4,430,286
GOUV64	NUMBER OF NEW MEMBERS IN THE YEAR			60,962	
GOUV65	% OF MEMBERS AMONG INDIVIDUAL AND LEGAL ENTITIES CUSTOMERS			82	
SOC01	TOTAL HEADCOUNT			65,886	
SOC02	TOTAL HEADCOUNT - PERMANENT AND SHORT-TERM CONTRACTS FRANCE FTE	3,887	4,817	48,561	45,308
SOC13	TOTAL NUMBER OF NEW HIRES	455	4,163	14,420	9,218
SOC15	WOMEN HIRED	131	1,780	7,498	5,571
SOC16	HIRED UNDER PERMANENT CONTRACTS	353	488	3,553	2,979
SOC19	NUMBER OF EMPLOYEES UNDER PERMANENT CONTRACTS WHO LEFT THE ORGANIZATION	158	608	3,559	2,977
SOC20	NUMBER OF EMPLOYEES UNDER PERMANENT CONTRACTS WHO WERE DISMISSED	18	80	411	471
SOC38	NUMBER OF DAYS OF ABSENCE	30,009	99,287	755,799	
SOC39	NUMBER OF DAYS OF SICK LEAVE	22,850	83,661	450,984	
SOC40	NUMBER OF DAYS OF ABSENCE FOR WORK ACCIDENTS	963	6,571	20,135	

SOC41	NUMBER OF DAYS OF MATERNITY/PATERNITY LEAVE	6,196	9,055	182,643	
SOC43	NUMBER OF WORK-RELATED ILLNESSES	0	7	21	
SOC44	NUMBER OF REPORTED WORKPLACE ACCIDENTS, WITH SICK LEAVE	34	185	435	84
SOC46	PAYROLL INVESTED IN TRAINING (€)	5,757,244	2,694,134	102,274,442	95,197,477
SOC47	% OF PAYROLL COSTS INVESTED IN TRAINING	1.72	1.05	4.52	4.10
SOC48	NUMBER OF EMPLOYEES HAVING TAKEN AT LEAST ONE TRAINING COURSE		2,035	40,462	
SOC50	NUMBER OF HOURS DEDICATED TO EMPLOYEE TRAINING	77,771	36,684	1,631,444	1,465,525
SOC60	% OF MANAGERIAL STAFF WHO ARE WOMEN	24.57		38.89	
SOC62	% OF WOMEN PROMOTED TO MANAGERIAL POSITIONS	1	41	214	
SOC67	NUMBER OF CONVICTIONS FOR INTERFERENCE WITH THE PROPER FUNCTIONING OF THE WORKS COMMITTEE (IN FRANCE)				
SOC68	NUMBER OF DISABLED WORKERS	71	203	835	862
SOC73	GROSS PAYROLL WITHOUT EMPLOYERS' CHARGES	170,353,285	221,591,672	2,190,695,126	2,320,000,000
SOC88 to SOC105	See age pyramid in report				
SOC107	GROSS PAYROLL COSTS- PERMANENT CONTRACTS (€)	169,140,937	214,490,620	2,536,506,902	2,281,000,000
SOC108	GROSS PAYROLL COSTS - PERMANENT CONTRACTS NON-MANAGERIAL (€)	45,813,447	88,858,463	1,302,652,436	882,000,000
SOC109	GROSS PAYROLL COSTS - PERMANENT CONTRACTS MANAGERIAL (€)	123,327,490	125,632,157	1,233,854,467	1,071,000,000
SOT01	NUMBER OF CREDIT MUTUEL POINTS OF SALE			4,539	4,466
SOT07	% OF POINTS OF SALE IN RURAL AREAS			17.7%	0
SOT08	% oOF URBAN FREE TRADE ZONES COVERED BY POINTS OF SALE			28.28%	0
SOT10	NUMBER OF MICROLOANS GRANTED DURING THE YEAR			22,721	
SOT13	TOTAL AMOUNT OF MICROLOANS GRANTED DURING THE YEAR (€)			38,485,134	
SOT17	ADIE SUPPORT - AMOUNT OF LINES OF CREDIT MADE AVAILABLE			2,650,000	2,400,000
SOT40	NUMBER OF NON-PROFIT ORGANIZATIONS THAT ARE CUSTOMERS (ASSOCIATIONS, LABOR ORGANIZATIONS, WORKS COUNCILS, ETC.)			244,508	
SOT53	DONATIONS FROM FEDERATIONS AND LOCAL BANKS TO SOCIAL AND SANITARY PROJECTS			606,095	
SOT71	OUTSTANDING REGULATED SUBSIDIZED LOANS (PLS - LOANS FOR BUILDING LOW-COST HOUSING, PSLA - HOME RENTAL-OWNERSHIP LOANS)			558,112,440	
SOT75	MEDIATION - NUMBER OF ELIGIBLE APPLICATIONS MEDIATED			1,678	
SOT77	MEDIATION - NUMBER OF DECISION IN FAVOR OF CUSTOMERS AND APPLIED SYSTEMATICALLY			969	
SOT78	MEDIATION - NUMBER OF DECISION IN FAVOR OR PARTLY IN FAVOR OF CUSTOMERS AND APPLIED SYSTEMATICALLY			57.65%	

VII.4 – Cross-reference table

Cross-reference table for the labor, environmental and social data required under Article 225 of the Grenelle II law.

Article R.225-105-1 of the French Commercial Code, Decree No. 2012-557 of April 24, 2012

The CM11 Group indicators, provided in the CSR report (text and tables)

1° LABOR INFORMATION:	
a) Employment:	
- Total headcount and breakdown by gender, age and geographic area;	SOC01, SOC02 and SOC88 to SOC105
- recruitments and dismissals;	SOC13, SOC15, SOC16, SOC19, SOC20
- compensation and compensation trends	SOC 73, SOC 107 to SOC 109
b) Organization of work:	
- organization of working hours;	SOC29, SOC30
- Absenteeism;	SOC38 to SOC40 and SOC43
c) Labor relations:	
- organization of relations with employees, in particular staff information and consultation procedures and procedures for negotiating with employee representatives;	SOC78, SOC79 and SOC87
- assessment of collective bargaining agreements;	SOC83 to SOC84
d) Health and safety:	
- health and safety conditions at work;	SOC45
- assessment of agreements with unions and staff representatives regarding health and safety at work;	SOC84
- frequency and severity of accidents at work and occupational illnesses (1)	SOC44
e) Training:	
- training policies implemented;	SOC46 to SOC48
- total hours of training;	SOC50
f) Equal treatment:	
- measures to promote gender equality;	SOC56, SOC60, SOC62 and SOC63
- measures to promote the employment and integration of disabled people;	SOC68, SOC70
- anti-discrimination policy;	SOC69
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;	SOC67, SOC78 and SOC79
- elimination of discrimination in respect of employment and occupation;	SOC64
- elimination of forced or compulsory labor;	SOC65
- effective abolition of child labor ;	SOC66
2° ENVIRONMENTAL INFORMATION:	
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;	ENV01
- employee training and information on environmental protection;	ENV43
- resources devoted to the prevention of environmental risks and pollution;	ENV44
- amount of provisions and guarantees for environmental risks, provided such information is not of a nature that could cause serious prejudice to the company in an ongoing dispute;	ENV47
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;	ENV31
- measures for preventing, recycling or eliminating waste;	ENV39 and ENV43
- measures to take into account noise pollution and any other form of pollution specific to an activity;	ENV45
c) Sustainable use of resources:	
- water consumption and supply by reference to local constraints;	ENV04

- consumption of raw materials and measures taken to improve their efficient use;	ENV09, ENV39 and ENV43
- consumption of energy, measures taken to improve energy efficiency and use of renewable energy;	ENV05 and ENV40
- land usage;	ENV49
d) Climate change:	
- greenhouse gas emissions;	ENV20, ENV31, ENV37
- adaptation to the consequences of climate change;	ENV38 , ENV39, ENV42
e) Protection of biodiversity:	
- measures taken to preserve or develop biodiversity;	ENV50
3° INFORMATION ON SOCIAL COMMITMENTS IN FAVOR OF SUSTAINABLE DEVELOPMENT	
a) Territorial, economic and social impact of the company's activity:	
- in terms of employment and regional development;	SOT01, SOT07 to SOT08 SOT59, SOT60
- on local and neighboring populations;	SOT10, SOT13, SOT17, SOT28 SOT37, SOT39, SOT40 SOT71, SOT75, SOT77 SOT78
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 dialog with these persons or organizations;	SOT44 and SOT45
- partnership and patronage;	SOT48, SOT53
c) Subcontracting and suppliers:	
- inclusion of social and environmental issues in procurement policy.	SOT81
- the extent to which subcontracting is used and the importance given to the social and environmental responsibility of suppliers and subcontractors;	SOT81
d) Fair business practices:	
- measures taken to prevent corruption;	SOT79
- measures taken in favor of consumer health and safety;	SOT80
e) Other measures, that come under this section 3, taken to promote human rights.	SOT82

VII.5 - CSR report - Technology division

A number of IT companies are grouped under the name **Euro Information.** The main ones are:

- **Euro Information Développements -** develops the Group's software,
- **Euro Information Production** - responsible for the Group's technical infrastructure and production,
- **Euro Information Telecom** - in charge of the Group's mobile telephony offer,
- **Euro Protection Surveillance** - provides remote surveillance services to Group customers,
- **Euro Information Services** - installs, maintains and replaces IT equipment (workstations, ATMs, telephone equipment, etc.).

These entities, which may have different legal forms, are all controlled by Crédit Mutuel. They therefore apply the Group rules and procedures, particularly with regard to social and ethical issues and environmental responsibility.

Procurement [SOT81]

With regard to Procurement, the following applies.

- The suppliers procedure is one of the ISO 9001-certified Quality processes monitored and audited by AFAQ (last audited in June 2014). The procedure has been drafted and published and sets forth all the various stages of starting a business relationship, contracting and managing the relationship with the supplier.

- The main rules, which are Group rules aligned with its CSR policy, are:

- Taking into account of the Group's organization (giving priority to in-house development, internal control, training, internal support and maintenance),
  - Compliance with a standard procedure for requests for proposals in order to obtain standardized responses, including in particular an HSE (Health Safety Environment) statement,
  - Financial, operational and technical analyses of responses,
  - followed by a legal due diligence procedure,
  - Checking the capacity to be integrated into our management/maintenance circuit (see section on equipment circuit p.2),
  - Drawing up contracts with embedded constraints such as "Security of personal data", "Internal control" and "External staff and prevention of undeclared work" clauses,
  - Qualitative monitoring of suppliers and their performance (fulfilling its commitments in terms of deadlines and content, rapid response to incidents, improvement in operating efficiency, anticipating needs).

- As part of this procedure, suppliers are classified into categories, the main one being "essential and sensitive suppliers", i.e. suppliers of strategic or economic importance to Euro Information or its customers. For requests for proposals and or a regular basis, the Procurement teams ask suppliers to supply documents proving they have a CSR policy and describing that policy. In 2014, the Technology division had obtained the CSR policies of 70% of its suppliers. This procedure is applied for hardware/software purchases and for purchases of IT services from IT services suppliers. In this last area, Euro Information has received the CSR policies of its six largest suppliers, corresponding to around 60% of the services purchased.

Since 2013, CSR criteria relating to energy consumption are included in the examination of new versions of equipment (computers, printers, photocopying machines). A study of the different generations of products was carried out and the product files now state its energy consumption, enabling energy saving to be included in the criteria for choosing a product. One example is the Lenovo M55-8811 y4 PC rolled out in 2007, which consumed between 65 kWh and 93kWh. The new model, Lenovo zM92-3209BU3, rolled out in 2013 consumes between 25kWh and 46kWh. As roughly one fifth of the PCs are renewed each year, this has enabled us to reduce our energy consumption.
The suppliers include: La Poste, IBM, Microsoft, HP, Xerox, Oberthur, Orange, Hitachi, CGI and Open Group.

Hardware circuit

EIS provides two services for Euro Information: the installation and maintenance of IT hardware. Stocks of hardware products are allocated to each activity (workstations, ATMs, electronic payments, video-surveillance/alarms, telephony) and used by the related business line processes. The products are managed in the MAT information system (hardware base) and all flows are tracked and recorded.
In this context, EIS manages:

- receipt, bar-coding and storage of new hardware, purchased by EI for installment;
- receipt and processing of dismounted equipment (for recycling , dismantling, sale to a broker or scrapping),
- receipt and handling of faulty equipment following repair work (either for reparation or scrapping if it cannot be repaired).

EIS has described and documented its procedures so that its customers within the Group understand the way it operates.
For installations, Euro Information Logistique purchases the equipment for all the CM-CIC's group's needs. The suppliers deliver this equipment, owned by Euro Information, to EIS's main Logistics warehouse in Mulhouse or, in the case of large volumes, to Interlogistic (sub-contracted by EIS). The

equipment is checked, identified with a LOGO EI bar-code and input into the MAT system which ensures an audit trail throughout its life (until destroyed or sold to a Broker).
Based on requests presented by Euro Information Logistique, EIS prepares the new installation orders (1 laptop, 1 printer, 1 screen, etc.) and then delivers them to its technical agencies or directly to the customers in the case of large volumes. The technicians then get them up and running.
Projects are also underway to renew equipment to meet the needs on the ground and avoid obsolescence. CSR also comes into play in this respect since, as described in the Procurement section, new equipment generally consumes less energy than the previous generations and we renew around one fifth of our installation each year. In 2014, the Tranche 24, 25 and 26 projects ensured the replacement of equipment that was five years old. As an example, the equipment of 2,972 branch sites was replaced in 2014 as part of Tranche 26.
The old obsolete equipment is removed at the same time, sent to Interlogistic and received. It may then be prepared for sale or broker or sent on to EIS to be overhauled and re-installed or allocated to repairs.
However, most of the equipment removed is resold by EIL, after processing (sorting, testing, data deletion) by EIS at Interlogistic, to SISO (Broker) which in turn sells it to its customers to be used again.
Obsolete self-service banking products (ATMs, Cash distributors, etc.) are destroyed. Spare parts that can be reused in maintenance of the remaining installations are dismantled and overhauled.
In 2014, this process concerned 90,000 machines for faulty equipment and scrapped parts and around 68,000 machines repaired. With regard to dismounted equipment, 30,000 products were reconditioned and 35,000 were sent to our brokers.

For maintenance, EIS uses equipment supplied by Euro Information (screen, printer, etc.) and spare parts (keyboards, mouse, hard disks, etc.) that it purchases itself.
These products are divided among the main stock in Mulhouse (around 50% of volumes), stocks at after-sales agencies and in technicians' vans.
If a piece of equipment breaks down, the user reports the problem via the Group's support channel. Depending on the diagnosis, the problem will be solved by remote means or on-site through EIS. In this case, the technicians will replace the faulty machine or part.
The equipment recovered will be sent to the EIS Mulhouse workshop to be repaired and returned to the main stock, or destroyed and sent to a waste recycling services provider.
The recycling services provider issues a certificate listing the destroyed equipment for Euro Information's accounting department.

Information Systems Security

Euro Information processes sensitive banking data and provides numerous services requiring the utmost attention to information systems security.
Taking ISO 27001/02 as a benchmark (certification is a target for 2016), the following measures have been implemented to ensure the security of the Group's information systems.
The basic principles are:

- Availability: Provide a reliable system offering permanent access
- Confidentiality: Securing access, processing and data,
- Integrity: Guarantee the reliability of the data
- Proof: Ensure an audit trail as proof of actions in the system

Security measures include the following depending on the situation:

- Physical and environmental security (e.g. clean-rooms with controlled access),
- Security of internal networks (network with security standards, encryption, firewall, etc.),
- Resources to ensure back-up solutions (e.g. surplus equipment, back-up site, etc.)
- Workstation security (Workstation access badge, encrypted data, secure messaging, etc.),
- Internet security:

  For example: "BAC": *Banking Authentication Card* - for retail and professional customers, this is a means of ensuring greater security for remote banking transactions in France or abroad. This is a physical card in the customer's name with a PIN and a reader terminal. To ensure greater security the card reader is totally disconnected from the terminal used. The password is generated dynamically, with a different set of questions and answers each time it is used.

- Security linked to human resources and organization, with:
  - Strong and clear governance of security issues with a specialized team headed by the Chief Information Systems Security Officer and a network of security correspondents at Group entities.
  - An approach to the security of customers' personal data/processing that complies with the rules of the French data protection agency, CNIL. Euro Information has a Data Protection Correspondent who deals with these issues.
- Resources to control logical access to the system and identify users at a distance, in particular through a policy of data classification that identifies the criticality of the data and the associated level of security (e.g. secure storage and no circulation of uncoded sensitive data).

All these measures enabled us to obtain PCI-DSS level 1 (highest security level) certification for our point-of-sale payment solution, CM-CIC P@iement. This certification guarantees the quality of execution of this solution on our IT infrastructure for storing, processing and transmitting the payment card data.

Strongly involved in concrete action

EI subsidiaries are involved in numerous initiatives with a direct impact on the Group's environmental approach. The main ones are:

- Reduction in the number of IT production centers:

  Euro Information has reduced the number of production centers housing central IT resources, from five sites in 2006 to three sites plus the back-up site in 2014. Moving towards its target of two centers plus a back-up site will not only reduce electricity consumption, it will also reduce greenhouse gas emissions and use of cooling systems by reducing the number of clean-rooms. In 2013, the Tassin and Strasbourg centers were merged.

- Putting in place video-conference systems to reduce business travel:

  Euro Information has installed video-conference rooms enabling all Group entities to organize meetings without the need to travel. These rooms are now supplemented with individual video-conference facilities on workstations enabling staff to attend meetings between branches from their office desk. This requires a stronger network infrastructure and appropriate tools.

- Reducing paper consumption by adjusting printer settings and maximum use of electronic documents.

  Euro Information has implemented the following measures to reduce paper consumption internally and in communication with customers of Group subsidiaries.
  Scanning documents on arrival, offering customers electronic account statements and other documents, switching to electronic format for internal documents, setting printers' default settings to double-sided printing are just some of the measures taken in recent years.
  For example, paper documents accounted for only 1.5% of document supplies for internal use in 2014. The number of paper documents issued to customers also dropped by 1.39% in 2014 while the volume of documents via Internet grew by 13.5%.
  Euro Information is also working to shift to paper with environmentally-friendly labels. PEFC paper is now systematically used for customer documents, such as account statements.

- Automatic switching off of computers at night in banks and branches to save electricity:

  Throughout the network, all the computers that can be shut down, now switch off automatically in the evening and restart automatically in the morning. Energy savings are measured and at end-

September 2014, the annual energy savings resulting from this measure totaled 5,473,210kWh, i.e. the average public consumption of a town of 12,000 inhabitants.

Measures under study:

- Switching customer check-books to environmentally responsible check-books using FSC Mixed paper: Tested successfully at CMNE since 2013, extension planned as from 2015,
- Extending automatic computer switch-off to the head offices:
  Putting in place the same system at the head offices as that put in place at the banks and branches.
- Printing on MFP printers (multi-function printers that operate as printer, photocopier, scanner, fax, etc.) using virtual letter boxes (printing remains in the memory of the network printer until unblocked by the user, thus avoiding print-outs that nobody collects, or print-outs that are larger than expected and can be interrupted by the user).
- Rolling out new buildings management solutions providing for monitoring energy consumption.
  A centralized building management system that reports electricity consumption by zone and by monitoring enables the zones with the highest consumption to be optimized and treated through appropriate measures such as insulation , programming heating systems, etc. This solution is currently being rolled out at two sites (Haussman and Tassin).
- Continuing reduction in IT processing centers:
  The Val de Fontenay and Verlighem centers will be merged in 2016.

VII.6 - CSR report - Press division

Crédit Mutuel's Press division comprises around 30 companies, including eight publishing companies that publish nine regional and local daily newspapers and two publishing companies that publish regional weeklies, representing news coverage of more than 24 *départements* in Eastern France, a circulation of 1 million newspapers a day and nearly 7,600 employees (including part-time newspaper delivery staff).

These entities, which may have different legal forms, are all directly controlled by the Crédit Mutuel group.
Like the rest of the Group, they constantly seek to improve their rules and procedures particularly in terms of social and environmental responsibility and ethics.

Health and safety at work [SOC45]

A number of measures have been taken by the companies to protect their employees.
Newspaper delivery staff and sales staff receive training in how to prevent dog-related risks and the risk of road accidents.

At the production level, staff are provided with appropriate protective equipment (molded ear protection). They are also informed about chemical risks.

More generally, for all employees, the companies have continued their actions to prevent psychosocial stress (training for managers, stress management courses for staff exposed to difficult customers, etc.) and heighten staff awareness of work-related risks (musculoskeletal disorders, working in front of a screen, movements and posture for production workers, etc.) and fire hazards.

Inclusion of disabled workers

Each newspaper has taken measures to facilitate access to employment for disabled workers, in particular:

- suitably adapted workstations and equipment;
- staff training to heighten staff awareness of the difficulties encountered by disabled workers;

- recruitment of disabled job seekers. This work is carried out in partnership with the French agency for employment of disabled people (AGEFIPH) and other support bodies and sheltered workshops (Sameth, ESAT, CAT, etc.) and in some cases with recruitment agencies.

All these actions are part of the more general framework of legal obligations with which these companies also comply (annual wage bargaining, gender equality agreements, etc.).

Raw materials

Paper, ink and printing plates are the essential raw materials for a newspaper. They are therefore very strictly managed, both in terms of quality and of consumption.

Paper suppliers must present at least one environmental label or certification (PEFC, FSC, Ecolabel, etc.). More than 85%, i.e. around 67,000 metric tons in 2014, of the newspaper paper purchased is recycled paper.
Reducing macules and waste helps to reduce paper consumption, a reduction of 1% in paper waste corresponds to around 100 metric tons of paper savings.
Also, all the paper scraps (white sheets, etc.) and unsold newspapers are sold to recycling and waste collection companies (Group contract with Veolia).

With regard to printing plates, the newspapers achieve savings at two levels:

- in terms of water and electricity consumption by using special plates (KODAK PLATINUM plates) and improving the dampening water system and reducing emptying frequency.
- reducing waste by modifying the CTP line, blocking unauthorized plates, etc.

With regard to inks and other chemical products, the newspapers look for the products that are least dangerous for people and for the environment. These products are also analyzed and compared with the safety information issued by the occupational health department.

Buildings

Also with a view to saving energy, most of the newspapers have upgraded their infrastructure to reduce consumption. The measures taken include modernizing the lighting system by changing to low-energy LED bulbs, and replacing existing boiler systems by low-temperature gas boiler systems and changing the windows.

Heightening environmental awareness

Like in the other Group companies, action has been taken to heighten technical and administrative staff's awareness of environmental issues through various media (intranet and internal newsletters). Concrete measure include putting in place a waste sorting system at the offices.

Lastly, almost all the newspapers have adopted the Imprim'Vert label designed to encourage printing businesses to take concrete action to reduce their environmental impact.
In practical terms, this has resulted in the companies putting in place a recycling circuit for all the products used (paper, ink, dampening solution, plates, etc.).

VII.4 - Independent third party verifier's attestation and limited assurance report on the consolidated corporate, social and environmental information disclosed in the Board of Directors' 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 Associés
Tour First
TSA 14444
92037 Paris – La Défense cedex
S.A.S. à capital variable

Caisse Fédérale de Crédit Mutuel

Year ended December 31, 2014

Independent third party verifier's attestation and limited assurance report on the consolidated corporate, social and environmental information disclosed in the Board of Directors' management report

To the Shareholders,

In our capacity as an independent third party accredited by the French accreditation committee (Comité français d'accréditation- COFRAC) under the number 3-1065[8], and a member of the network of one of the auditors of Caisse Fédérale de Crédit Mutuel, we present our report on the consolidated corporate, social and environmental information in respect of the financial year ended December 31, 2014, presented in Chapter VII 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 CSR information required under Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines adhered to by the company, composed if HR reporting procedures and the 2014 environmental data (hereinafter the "Guidelines") of which a summary is presented in Chapter VII of 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. In addition, we have put in place a comprehensive system of quality control comprising documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent third party's responsibility

It is our responsibility, on the basis of our work, to verify that the required Information is contained in the management report or, if not, that an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code; t is not our responsibility to check the relevance and sincerity of the CSR information disclosed.

8 Scope of accreditation can be viewed at www.cofrac.fr

Our assignment was performed by a team of six people between September 2014 and April 2015 over a period of around ten weeks.

Nature and scope of our work

We performed our work 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 third party 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, within the limits indicated in the methodology note presented in Chapter VII of the management report.

Based on our work, and taking into account the limits referred to above, we attest to the presence of the required CSR information in the management report.

Paris-La Défense, April 7, 2015.

Independent Third Party
ERNST & YOUNG et Associés

Eric Mugnier Partner - Sustainable Development

Hassan Baaj
Partner

VIII. LEGAL INFORMATION ABOUT BFCM

VIII.1 – Shareholders

VIII.1.1 – Distribution of BFCM's share capital as of December 31, 2014

Shareholders	% held	No. of shares	Nominal amount held	Currency
CFdeCM - CAISSE FEDERALE DE CREDIT MUTUEL	93.07	29,287,497	1,464,374,850.00	€
CRCM LOIRE ATLANTIQUE ET CENTRE OUEST	2.36	741,949	37,097,450.00	€
CFCM MAINE ANJOU ET BASSE NORMANDIE - LAVAL	1.12	352,821	17,641,050.00	€
CRCM CENTRE- ORLEANS	0.98	308,726	15,436,300.00	€
CRCM ANJOU - ANGERS	0.56	176,001	8,800,050.00	€
CRCM ILE DE FRANCE	0.47	146,411	7,320,550.00	€
CRCM DE NORMANDIE - CAEN	0.39	123,926	6,196,300.00	€
CFCM OCEAN-LA ROCHE SUR YON	0.29	90,416	4,520,800.00	€
CRCM MEDITERRANEEN - MARSEILLE	0.24	74,670	3,733,500.00	€
CCM DU SUD EST - LYON (formerly CFCM)	0.20	61,545	3,077,250.00	€
CCM DU CENTRE EST EUROPE (group)	0.19	58,991	2,949,550.00	€
CRCM MIDI ATLANTIQUE	0.08	24,514	1,225,700.00	€
CCM DU SUD EST (group)	0.02	5,694	284,700.00	€
CFCM ANTILLES-GUYANE - FORT DE FRANCE	0.01	2,915	145,750.00	€
CRCM DAUPHINE VIVARAIS - VALENCE	0.01	2,470	123,500.00	€
CCM ILE DE FRANCE (group)	0.01	1,890	94,500.00	€
CCM LOIRE ATLANTIQUE ET CENTRE OUEST (group)	0.00	1,470	73,500.00	€
CCM MEDITERRANEEN (group)	0.00	1,230	61,500.00	€
CCM MIDI-ATLANTIQUE (group)	0.00	1,142	57,100.00	€
CCM CENTRE (group)	0.00	1,030	51,500.00	€
CCM DE NORMANDIE (group)	0.00	740	37,000.00	€
CCM DAUPHINE-VIVARAIS (group)	0.00	531	26,550.00	€
CAISSES DE CREDIT MUTUEL SAVOIE MONT BLANC (group)	0.00	460	23,000.00	€
CCM ANJOU - ANGERS (group)	0.00	390	19,500.00	€
FEDERATION DU CM CENTRE EST EUROPE	0.00	81	4,050.00	€
CRCM SAVOIE MONT BLANC - ANNECY	0.00	20	1,000.00	€
INDIVIDUALS	0.00	42	2,100.00	€
CAISSE REGIONALE NORMANDE DE FINANCEMENT	0.00	10	500.00	€
CFCM NORD EUROPE	0.00	1	50.00	€
CREDIT MUTUEL AGRICOLE ET RURALE	0.00	10	500.00	€
TOTAL:	100.00	31,467,593	1,573,379,650.00	

VIII.1.1.1 – Changes in the distribution of share capital during the past three years

In 2014

The Extraordinary Shareholders' Meeting of May 7, 2013 authorized the Board of Directors to implement a capital increase, on one or more occasions, of up to €5 billion in cash. This authorization was granted in accordance with the provisions of article L.225-129-2 of the French Commercial Code for a maximum period of 26 months as of the decision of the Extraordinary Shareholders' Meeting.
The Board of Directors' meeting of February 27, 2014 decided to use this authorization to implement a capital increase of 4,882,459 shares with a par value of €50 and an issue premium of €503 per share, or €553 per new share.
The subscription period began on March 1, 2014 and the Board of Directors, at its meeting on that day, was responsible for the closing of the transactions and the corresponding amendments to the bylaws.

Pursuant to the authorization granted by the Extraordinary Shareholders' Meeting:

a) the Board noted that:
   - 4,882,459 new shares were fully subscribed in the amount of €2,699,999,827.
   - the subscriptions were paid up in cash and the funds were deposited with Banque Européenne du Crédit Mutuel, which issued the depository certificate required by law.

b) the Board decided:
   - to close the capital increase at the subscribed amount of €2,699,999,827, or 4,882,459 new shares all of the same class. They carry dividend rights as of January 1, 2014.
   - to recognize the definitive completion of this transaction and amend article 6 of the bylaws as follows:

Former version	*New version*
ARTICLE 6 – SHARE CAPITAL The share capital totals €1,329,256,700. It is divided into 26,585,134 shares, each with a par value of €50 and all of the same class.	**ARTICLE 6 – SHARE CAPITAL** The share capital totals €1,573,379,650. It is divided into 31,467,593 shares, each with a par value of €50 and all of the same class.

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.

VIII.1.1.2 – Individuals or legal entities exercising control over BFCM

Caisse Fédérale du Crédit Mutuel Centre Est Europe controls 93.1% 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 – Sundry Information" indicates that no major agreements exist between BFCM and the subsidiaries.

VIII.1.2 – Ordinary Shareholders' Meeting of May 13, 2015

VIII.1.2.1 – Excerpt of the Board of Directors' report to the Ordinary Shareholders' Meeting of May 13, 2015

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

In 2014, the Group's sound fundamentals, which are highly valued by international investors, provided it with very satisfactory access to external resources.

As of December 31, 2014, outstandings from capital market funding totaled €119 billion, up 8% from one year earlier. This increase was mainly due to the strengthening of the LCR liquidity buffer and the use of the ECB's TLTRO in the fourth quarter.

At year-end, short-term money market resources stood at €40.7 billion (+6%) and accounted for 34% of the total amount borrowed in financial markets (compared with 35% at end-2013). Of this short-term funding, one-third now comes from private-sector companies, reflecting the continued diversification of our refinancing in this area.

We maintained our strategy of consolidating external funding, as medium- and long-term borrowings totaled €78.6 billion at end-2014 (TLTRO included) compared with €71.9 billion one year earlier.

We continued to hold investor relations meetings in Europe, of course, but also in the United States and Asia, notably Japan.

The recognition enjoyed by the Group among non-European investors was further strengthened in 2014 through the following BFCM issues:

- USD 1,500 million (US Rule 144a offerings) at three and five years in January
- JPY 97.2 billion (€689 million) "samurai" bonds with two-, three- and five-year maturities in two issues in March and October, respectively.

These transactions nicely complemented two public offerings of housing financing bonds (through Crédit Mutuel-CIC Home Loan SFH) totaling €1,500 million and €1,000 million, with five- and 10-year maturities and launched in January and June, respectively. Another €1,500 million public offering was made by BFCM in March 2014.

The Group also issued €1,000 million in tier 2 subordinated notes in May, as part of a transaction designed to protect our unsecured creditors in light of the upcoming “bail-in” rules.

The Group also drew on its EIB refinancing facility in 2014. This €200 million line of credit for the purpose of financing small- and medium-sized businesses satisfying eligibility criteria will in all likelihood be renewed in 2015.

Significant progress was made on the Basel 3 liquidity ratios (LCR and NSFR), which are now above the 100% threshold.

The LCR liquidity buffer managed by the central treasury unit represented outstandings of nearly €50 billion at end-2014; it consists mainly of liquidity deposited with the ECB and eligible securities with a low average maturity. This liquidity may be made available within an extremely short time period (58% immediately and up to 92% within a few days).

The ability to withstand a prolonged market closure has been further strengthened. At end-2014, the amount of assets eligible for the LCR and/or the ECB covered 165% of payments due on capital markets funding over the next 12 months (145% at end-2013).

VIII.1.2.1.1.2 – Depository for undertakings in collective investments (UCI)

The depository for Undertakings in Collective Investments (UCI), Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIF), exercises three regulatory duties:

- Control of suitability of investment decisions by the UCIs
- Cash monitoring
- Asset safekeeping, i.e. custody (mainly marketable securities) and record-keeping for other financial instruments (forward financial instruments and other pure registered financial instruments). This responsibility is entrusted to the specialized entities of CFdeCM-CIC Group.

It also has contractual responsibility for:

- Liability management for the UCIs, when said management has been delegated by the management company. This task consists mainly of processing share subscription and redemption orders initiated by customers. This activity is performed by the specialized entities of CFdeCM-CIC Group.

In 2014, the depository activity of Banque Fédérative du Crédit Mutuel was marked by:

- The entry into force of the Alternative Investment Fund Managers Directive (AIFMD), notably with the monitoring of AIF liquidity, the new regulatory responsibility of the depository, and the segregation of AIF assets.
- The implementation of the audit plan focused primarily on regulatory tasks.
- Adjustments to the entire depository fee schedule.
- Contribution to the “Data Management” working group for the creation of a single Group manual.
- Participation in the work of the French Association of Securities Professionals (*Association Française des Professionnels des Titres - AFTI*) for the depository unit and the legal observatory.
- Broad-based implementation of a thematic agenda when meeting with the fund management companies, backed by on-site audit assignments if necessary.
- Strengthening of synergies with CM-CIC Securities through CM-CIC Dépositaires.
- Search for areas to improve operational processes of the Group’s delegated agents and service providers, notably in connection with liability management and cash record-keeping.
- Progress on updates to agreements with these delegated agents and finalization of depository agreements with the management companies.

- Fine-tuning of controls with respect to ratio calculations following the software upgrade.
- Significant due diligence work carried out in the private equity domain, notably with respect to management company procedures, controls of ratios and quotas, fund life cycles and asset valuations.
- Large number of prospectus reviews in connection with newly created and restructured product lines marketed by the management companies.
- The launch of new securitization funds characterized by their volume of documentation and broad range of participants.
- Staying current with the extensive regulatory changes.

As of December 31, 2014, Banque Fédérative du Crédit Mutuel was the depository for 836 UCIs with total assets of €77.5 billion, down 3.7% relative to one year earlier. This trend was mainly due to the €4 billion decline in outstandings of the Home Loans securitization fund.

The vast majority (76.1%) of UCIs held by Banque Fédérative du Crédit Mutuel are managed by Group management companies, namely CM-CIC Asset Management for general and employee savings funds, as well as CM-CIC Capital Privé and CM-CIC Private Debt for private equity funds. Banque Fédérative du Crédit Mutuel is also the depository for securitization funds used in connection with the Group's refinancing (22%). The UCIs of around 20 management companies not part of CFdeCM-CIC Group and for the most part specializing in private equity accounted for 1.6% of assets held.

VIII.1.2.1.1.3 – Large accounts and structured products

In 2014, France recorded very weak economic growth and anemic investment; in this environment, large French companies adopted a strategy of seeking growth outside of the euro zone.

Market liquidity remained abundant, leading most large companies to renegotiate their credit facilities on much more favorable terms for them. Recourse to bond financing, which now represents the bulk of long-term financing for large companies, also continued to grow in 2014; CM-CIC Group participated to a greater extent in the main issues (Auchan, APRR, RTE, etc.).

Our Group's financial strength, which was confirmed in the ECB's asset quality reviews after the central bank took over supervisory responsibility for the leading euro zone banks, remains a key factor supporting our commercial growth in the large companies and institutional investors market segment and our ability to attract funding.

In the payments area, the success of the SEPA migration enabled the Group to strengthen its expertise in European cash management and cross-border electronic money acquisition.

Meanwhile, the Large Accounts department continued to promote the Group's various areas of expertise to its customers: employee benefits management (bond funds with Air Liquide and management of end-of-service benefits with Nexter), real estate leasing (Safran and Air France).

Similarly, sales activities outside of France were stepped up with the foreign branches (for example with numerous French companies in the United States, including Vallourec), as well as with our Canadian partner Caisses Desjardins.

Since the economic outlook for 2015 remains challenging, the Large Accounts department will continue to work even more closely with large clients by promoting the Group's expertise and supporting their international business activities.

VIII.1.2.1.2 – Information on the activity and results of the subsidiaries and controlled companies (Art. L233-6 paragraph 2 of the French Commercial Code)

Under the above provision, the report submitted to the 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

Crédit Industriel et Commercial SA Group:

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, 2014. These standards include IAS 1 to 41, IFRS 1 to 8 and 10 to 12 and any SIC and IFRIC interpretations adopted as of that date. Standards not adopted by the European Union have not been applied.

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 financial statements are presented using the format proposed in Recommendation 2013-04 of the French Accounting Standards Authority relative to IFRS summary financial statements. They are consistent with the international accounting standards as adopted by the European Union.

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 Capital et Participations;

• the absorption of Sofim by CIC Nord Ouest;

• the exit (disposal) of Serficom Family Office Inc., Agefor SA Genève, Banca Popolare di Milano, Pasche Bank&Trust Ltd, Banque Pasche (Liechtenstein) AG;

• the exit (deconsolidation because of immaterial activities) of Saint-Pierre SNC, CM-CIC Securities London Branch, Lafayette CLO 1 Ltd;

• dissolution of Calypso Management Company and of LRM Advisory SA.

• Also, following the sale of Banca Popolare di Milano, the companies holding shares in this entity exclusively were deconsolidated as of June 30, 2014. These companies include: CIC Migrations, Cicor, Cicoval, Efsa, Gestunion 2, Gestunion 3, Gestunion 4, Impex Finance, Marsovalor, Pargestion 2, Pargestion 4, Placinvest, Sofiholding 2, Sofiholding 3, Sofiholding 4, Sofinaction, Ufigestion 2, Ugépar Service, Valimar 2, Valimar 4, VTP1, VTP5.

Analysis of consolidated statement of financial position

The main changes in the consolidated statement of financial position items were as follows:

• Customer deposits rose by 8.0% to €121.9 billion. Of this increase, 40% was due to the reclassification of repo transactions, which had been recognized using the fair value option until 2013. New repurchase agreements were recognized as loans/borrowings, and gains and losses on repo transactions were recorded under accrued interest, instead of marked to market, in order to better reflect the economic reality of these financing transactions. Excluding repurchase agreements, the increase in bank deposits was 4.8%.

Current accounts increased by 17.5% and home purchase savings rose by 9.1% while certificates of deposit and term accounts contracted by 8.8%. Savings accounts were stable (+0.5%).

• Net customer loans, including lease transactions, increased by 7.3% to €146.7 billion as of December

31, 2014, with 66% of this increase attributable to the reclassification of repurchase agreements. Excluding these agreements, the increase in loans was 2.5%, marked in particular by the 3.1% increase in equipment loans to €29.0 billion. Leasing outstandings increased by 4.9% to €9.3 billion, and treasury loans rose by 2.1% to €20.9 billion. Home loans rose by 0.8% to €65.3 billion.
• The loan-to-deposit ratio continued to improve, falling from 121.2% at end-2013 to 120.4% as of December 31, 2014.
• Financial savings under management and held in custody (outstandings at end of month including financial instruments issued) rose by 8.5% to €245.5 billion.
• reported shareholders' equity attributable to the Group totaled €12,202 million as of December 31, 2014, compared with €11,130 million one year earlier. Excluding transitional measures, Basel 3 common equity tier one capital was €10.8 billion, the common equity tier 1 ratio was 11.5%, the capital adequacy ratio was 12.1% and the leverage ratio was 4.2%. These ratios confirm the Group's financial strength.

Analysis of consolidated income statement
Net banking income remained stable at €4,410 million. The impact of the accounting reclassification of repo transactions was limited (€1.6 million), since the corresponding transactions had short-term maturities.
The retail banking segment now accounts for more than 75% of overall net banking income.
General operating expenses remained under control at €2,911 million. The cost-to-income ratio was 66.0% (compared with 64.7% one year earlier).

The cost of risk contracted by 44% from €367 million at end-2013 to €206 million. Net provisioning for known risks fell from €332 million to €203 million and accounted for 80% of the overall decline.
As a proportion of total loan outstandings, net provisioning for known risks on customer loans fell from 0.22% to 0.18% and the overall non-performing loan coverage ratio was 49.7% as of December 31, 2014.

The share of income from associates and gains on non-current assets totaled €189 million, compared with €69 million in 2013. This increase was largely due to the sale of shares of Banca Popolare di Milano (BPM), in which CIC held a 6.6% stake.
Reported net income was €1,124 million, up 32% from €851 million the previous year.

Rating

CIC's ratings have not changed since Standard & Poor's adopted a negative outlook on the Crédit Mutuel Group entities and 14 other European banks on April 29, 2014. That decision was prompted by the European Parliament's approval on April 15, 2014 of the EU Bank Recovery and Resolution Directive.

CIC's ratings are as follows:

	Standard and Poor's	Moody's	Fitch Ratings
Short-term	A-1	P-1	F1
Long-term	A	Aa3	A+
Outlook	negative	negative	stable

Analysis by activity

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

Introductory note

Figures for 2013 were restated to adjust for the impact of the deconsolidation of CM-CIC Gestion as of December 31, 2013 and of SNC Saint-Pierre as of January 1, 2014. This adjustment led to a €19 million decline in net banking income and €17 million increase in general operating expenses for the year ended December 31, 2013. The restated figures are indicated with an asterisk (*).

Retail banking

€ millions	2014	2013	Change 2014/2013	2013 adjusted*	Change* 2014/2013
Net banking income	3,327	3,330	-0.1%	3,311	0.5%
Gross operating income	1,133	1,128	0.4%	1,126	0.6%
Income before tax	1,020	918	11.1%	916	11.4%
Net income - Group share	688	604	13.9%	602	14.3%

* After adjusting for impact of deconsolidation of CM-CIC Gestion and SNC Saint Pierre

Retail banking recorded a 1.4% increase in net lending to €118 billion, thanks in part to a 2.4% rise in equipment loans and a 4.9% advance in leasing and similar transactions. Deposits rose by 6.3% to €92.2 billion, aided by the increase in creditor current accounts (+10.4% to €32.5 billion), certificates of deposit and term accounts (+7.2% to €26.2 billion) and home purchase savings (+9.1% to €7.7 billion).
Net banking income for this segment was €3,327 million, slightly higher than the 2013 level of €3,311 million*).
Net fee and commission income received represented 41% of net banking income, down slightly (2.3%) from the previous year.
General operating expenses were effectively managed and totaled €2,194 million, compared with €2,185 million* in 2013.
The cost of risk declined by 25% to €234 million, compared with €312 million the previous year.
Income before tax was €1,020 million, up 11% from €918 million in 2013.

Banking network

As of December 31, 2014, the banking network was comprised of 2,047 branches and 4,773,895 customers (+1.9% compared with end-December 2013).
Loan outstandings increased by 0.5% to €103.2 billion as of December 31, 2014. With the exception of treasury loans, which contracted by 4.0%, all other lending rose, in particular equipment loans, which recorded a 2.1% increase. Home loans were stable (+0.1%).
Bank deposits rose by 6.0% to €90.5 billion. Current accounts, certificates of deposit and term accounts, and home purchase savings increased by 10.6%, 6.3%, 9.1%, respectively. Savings accounts were stable (+0.1%).
Financial savings increased by 2.2% to €56.6 billion.
Insurance continued to grow. The number of policies increased across most insurance segments.
The number of property and casualty policies increased to 3,298,402 (+4.0% in the policies portfolio) and the services activities recorded gains of:

- 4.3% in remote banking (1,792,769 contracts),
- 10.0% in telephone banking (378,436 contracts),
- 7.9% in theft protection (84,153 contracts),
- 6.2% in electronic payment terminals (120,634 contracts).

Net banking income for the banking network increased by 0.7% to €3,134 million, compared with €3,111 million one year earlier thanks to the improvement in the net interest margin (+3.7%). Despite

a 5.6% increase in insurance commissions and a 5.5% uptick in financial transaction commissions, overall fee and commission income contracted slightly (-0.4%) because of new regulatory constraints (interchange fee, SEPA, electronic money). General operating expenses totaled €2,070 million, compared with €2,066 million the previous year, and the cost of risk contracted by €74 million to €230 million for both provisions for known risks and collective provisions.
Income before tax for the banking network increased by more than 12% to €834 million, compared with €743 million the previous year.

Ancillary businesses to retail banking
These businesses generated net banking income of €193 million in 2014, compared with €200 million* the previous year. Income before tax was €186 million, compared with €173 million* in 2013, with two-thirds of this increase attributable to the share of income from the CM11 Group's insurance business, which rose by 15%.

Corporate banking

€ millions	2014	2013	Change 2014/2013
Net banking income	328	278	18.0%
Gross operating income	239	193	23.8%
Income before tax	190	155	22.6%
Net income - Group share	133	104	27.9%

Corporate banking had net loan outstandings of €10.9 billion as of December 31, 2014.
Net banking income increased by 26% to €328 million due to gains in net interest income and other components. Although general operating expenses and the cost of risk increased by €4 million and €11 million, respectively, income before tax was up €35 million to €190 million (compared with €155 million in 2013).

Capital markets activities

€ millions	2014	2013	Change 2014/2013
Net banking income	304	473	-35.7%
Gross operating income	129	307	-58.0%
Income before tax	208	300	-30.7%
Net income - Group share	157	185	-15.1%

The capital markets activity had net banking income of €304 million in 2014, compared with €473 million the previous year. The cost of risk included a €79 million net provision reversal on the RMBS portfolio in New York, compared with a €7 million provision allocation in 2013.
Income before tax fell from €300 million to €208 million.

Private banking

€ millions	2014	2013	Change 2014/2013
Net banking income	458	444	3.2%
Gross operating income	120	115	4.3%
Income before tax	119	109	9.2%
Net income - Group share	88	71	23.9%

Bank deposits in the private banking segment increased by 4.8% to €16.5 billion, while net loans rose by 21.9% to €10.4 billion. Savings under management and held in custody were up 10.3% to €79.3 billion.
Net banking income rose by 3.2% to €458 million in 2014, compared with €444 million the previous year. With general operating expenses rising by only €9 million and the cost of risk falling from €7

million in 2013 to €2 million in 2014, income before tax increased by 9.2% to €119 million (€109 million at end-2013).

Private equity

€ millions	2014	2013	Change 2014/2013
Net banking income	149	119	25.2%
Gross operating income	111	85	30.6%
Income before tax	111	85	30.6%
Net income - Group share	110	86	27.9%

Total invested capital was €1.8 billion, of which €278 million in 2014. The portfolio consists of 459 equity investments.
Thanks to the favorable financial market performance (notably in the midcaps segment) and the realization of substantial capital gains, the private equity business generated net banking income of €149 million in 2014, compared with €119 million the previous year, while income before tax was €111 million compared with €85 million in 2013.

Headquarters and holding company services

€ millions	2014	2013	Change 2014/2013
Net banking income	(156)	(178)	NA
Gross operating income	(233)	(250)	NA
Income before tax	(166)	(287)	NA
Net income - Group share	(60)	(205)	NA

Net banking income (loss) for the headquarters and holding company services comprised in particular:
• an €82 million loss in connection with working capital requirements and the cost of subordinated debt (€113 million loss in 2013);
• €79 million loss in financing for the network development plan (€86 million loss in 2013);
• €8 million loss in provisions and net gains/losses on the sale of investment securities (€10 million net gain in 2013).
General operating expenses increased from €72 million in 2013 to €77 million.
The cost of risk was nil (compared with €3 million in 2013).
The share of income from associates totaled €68 million in 2014, compared with a loss of €34 million the previous year. This change was mainly due to the sale of shares in Banca Popolare di Milano (BPM), in which CIC held a 6.6% equity interest.
The loss before tax was €166 million, compared with a loss of €287 million in 2013.

Information on sites included in the consolidation scope under article 7 of law 2013-672 of July 26, 2013 amending article L.511-45 of the French Monetary and Financial Code and under implementation decree 2014-1657 of December 29, 2014

Sites by country as of December 31, 2014

Sites	Business line
Germany	
CM-CIC Leasing GMBH	Banking network subsidiary
Belgium	
Banque Transatlantique Belgium	Private banking
CM-CIC Leasing Benelux	Banking network subsidiary
Brazil	
Serficom Brasil Gestao de Recursos Ltda	Private banking
Serficom Family Office Brasil Gestao de Recursos Ltda	Private banking
United States	
CIC New York (branch)	Corporate banking and capital markets
France	
Adepi	Headquarters and logistics
Banque Transatlantique	Private banking
CIC Est	Retail banking
CIC Lyonnaise de Banque	Retail banking
CIC Nord Ouest	Retail banking
CIC Ouest	Retail banking
CIC Participations	Headquarters and logistics
CIC Sud Ouest	Retail banking
CM-CIC Asset Management	Banking network subsidiary
CM-CIC Bail	Banking network subsidiary
CM-CIC Capital et Participations	Private equity
CM-CIC Capital Finance	Private equity
CM-CIC Capital Innovation	Private equity
CM-CIC Conseil	Private equity
CM-CIC Epargne salariale	Banking network subsidiary
CM-CIC Factor	Banking network subsidiary
CM-CIC Investissement	Private equity
CM-CIC Lease	Banking network subsidiary
CM-CIC Proximité	Private equity
CMCIC Securities	Capital markets
Crédit Industriel et Commercial - CIC	Banking
Dubly-Douilhet Gestion	Private banking
Gesteurop	Headquarters and logistics
Groupe des Assurances du Crédit Mutuel (GACM)	Insurance company
Sudinnova	Private equity
Transatlantique Gestion	Private banking
Luxembourg	
Cigogne Management	Capital markets
Banque de Luxembourg	Private banking
Banque Transatlantique Luxembourg	Private banking
Diversified Debt Securities SICAV - SIF	Capital markets

Divhold	Capital markets
Sites	**Business line**
Monaco	
Trinity SAM (formerly Banque Pasche Monaco)	Private banking
United Kingdom	
Banque Transatlantique Londres (branch)	Private banking
CIC Londres (branch)	Corporate banking
Singapore	
Banque Transatlantique Singapore Private Ltd	Private banking
CIC Singapour (branch)	Corporate banking and capital markets and private banking
Switzerland	
Banque CIC (Switzerland)	Private banking
Banque Pasche	Private banking
Pasche Finance SA	Private banking
Serficom Family Office SA	Private banking

Information by country for 2014

Country	Net banking income	Income (loss) before tax	Current tax	Other tax	Public subsidies received	FTE employees
Germany	4	3	(1)	(1)		1
Bahamas	0	0	0	0		9
Belgium	16	9	(2)	(1)		27
Brazil	1	0	0	0		2
United States	127	164	(37)	(4)		84
France	3,813	1,168	(292)	(700)		18,379
Cayman Islands	1	1	0	0		
Italy	0	(7)	0	0		
Liechtenstein	0	0	0	0		13
Luxembourg	259	100	(16)	(16)		769
Monaco	0	0	0	0		0
United Kingdom	42	36	(8)	(2)		49
Singapore	62	17	(2)	(2)		210
Switzerland	85	(9)	(1)	(12)		350
Total	4,410	1,482	(359)	(738)		19,893

Recent developments and outlook

In 2015, 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:
BECM is a network bank with activities in France and elsewhere in Europe that works alongside the Crédit Mutuel banking network and in a cross-functional manner with CIC's regional banks.

It operates 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 properties, mainly commercial 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 network of Crédit Mutuel Caisses with action levels appropriate to each region, in the corporates market 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.

It has a 47-branch network serving 18,200 clients.

Despite the lackluster economic environment and the trend away from bank financing in favor of bond issues by corporates and real estate companies, balance sheet lending increased by 6% to €10.9 billion.

Bolstered by the Group's strong financial position, BECM continued its significant increase in deposits, which rose by 25.8% to €8.5 billion. These improvements resulted in a €0.8 billion reduction in the liquidity gap as of the closing date.

Sales performance, the lower cost of deposits, control of general operating expenses and a modest cost of risk enabled BECM to follow up its favorable 2013 performance with further profitability gains and a 13.3% increase in net income.

CIC Iberbanco:
Sales activity
With 139 employees working at 29 branches in Ile-de-France, the Lyon region and southern France (Bordeaux, Bayonne, Midi-Pyrénées and Languedoc-Roussillon), CIC Iberbanco added over 7,200 new customers in 2014, up 8% compared to 2013.

Customer savings deposits increased by 9.41% to €523 million. Overall loan outstandings totaled €573 million, a 17% increase compared to 2013. The insurance and telephony activities trended favorably, up 11% and 18%, respectively. Net income in 2014 was €3.05 million.

TARGOBANK Germany:

Targobank Germany's activity and results in 2014

Targobank continued to record sales gains in 2014. Through the integration of the retail banking portfolio of Valovis Bank, which was absorbed on May 30, 2014, the bank now has more than 4 million customers and is among the leaders in the credit card segment in Germany, with more than 1.4 million cards issued.

Targobank's organic growth was supported through the opening of 12 new branches in 2014, bringing the total number of points of sale to 363 at year-end.

As of December 31, 2014, the bank had €11.2 billion in loan outstandings, up 3.9% (€421 million) from one year earlier. The increase was driven by the integration of the Valovis portfolio (€226 million in loan outstandings at year-end) and new personal lending totaling more than €2.6 billion, comparable to the 2013 level.

The bank also stepped up the development of its auto loans, which have been marketed online since January 2012 and are now offered at the point of sale through participating dealers. The volume of auto loans stood at €89 million as of December 31, 2014, up 52% from one year earlier.

Bank deposits also increased, with a 3.3% rise (€363 million) in one year thanks to the integration of the Valovis portfolio (€120 million as of December 31) and despite the continued decline in the average interest rate offered on customer deposits (down 28 bp on the year). As of December 31, 2014, the bank therefore had €11.5 billion in bank savings, giving it a surplus relative to outstanding loans (97% loan-to-deposits ratio).

Finally, the wealth management activity maintained its steady growth rate. Financial savings totaled €9.5 billion at year-end, up 5.9% (€525 million) on the year.

In terms of earnings, 2014 results were more mixed. IFRS reported income before tax was €204 million, down €224 million relative to 2013.

This more than 50% drop in earnings was due to non-recurring expenses in connection with the administrative fee reimbursements imposed by the German Federal Court of Justice (*Bundesgerichtshof* - *BGH*). In two successive rulings issued on May 13 and October 28, 2014, the court ordered financial institutions to reimburse administrative fees charged at the time new loans were subscribed going back 10 years.

Adjusted for these non-recurring expenses, the bank's results at constant scope and for all components (net banking income, general operating expenses and cost of risk) would be comparable to those of 2013.

Targobank Spain:

(subsidiary consolidated using the equity method)

An all-purpose bank jointly held 50-50 by BFCM and Banco Popular Español, Targobank Spain has 120 branches located for the most part in Spain's main centers of economic activity and more than 200,000 customers, more than 80% of which are individuals.

It manages 150 ATMs.

In a still challenging economic environment, new lending contracted in 2014 while net savings intake increased, thereby improving the loan-to-deposit ratio.

The bank recorded net income of €16.21 million and a 4.1% increase in shareholders' equity.

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 four 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;
- Sofemo, an installment payment and vendor credit specialist
- Monabanq, the CM11-CIC online bank
- Créatis, a specialist in consumer credit consolidation.

In 2014, financing was relatively stable, rising by 0.5%, with significant gains abroad (Belgium, Spain, Portugal and Italy) and a decline in France, where household consumption remains fragile.

Banque Casino:
(subsidiary consolidated using the equity method)

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 credit activity picked up in 2014, thanks in particular the favorable performance of the four-installment payment plan offered by Cdiscount as of mid-2013 to finance sales.

CM-CIC Asset Management SA
CM-CIC Asset Management SA: consolidation of gains and new growth areas
In 2014, CM-CIC Asset Management took full advantage of its new organization and the subsidiarization of CM-CIC Gestion to generate synergies with the banking network and across the business lines. The efforts to streamline the product line begun in 2013 were pursued in 2014 and led to the reorganization of the management teams fully integrating new investment themes for a more aggressive product line better adapted to the needs of the network customers. The enhancement of the multi-strategies line with two funds is a good example: “Union Dynamique Moyen Terme” was specifically redesigned for institutional customers, and the newly created “Union Alpha +” will be marketed using CM-CIC Gestion’s expertise and network to private banking and wealth management customers seeking diversification in unit-linked life insurance products.

The launch of two new funds, “CM-CIC Global Leaders” and “CM-CIC Global Resources,” also complements the international product line, now managed by a dedicated team. Despite the challenging interest rate environment, CM-CIC Asset Management adroitly managed its assets and maintained its profit margins.

Several commercial operations implemented through close cooperation with the networks took place in 2014, such as the launch at the start of the year of the fund aimed at share-based savings plans for small- and medium-sized businesses, the various promotional campaigns for formula funds and a comprehensive SRI line. The creation of video and audio content contributed to the educational efforts undertaken by the networks in the financial savings area. International growth was pursued through the increased and steady inflows recorded by Targobank Germany to reach total assets under management of €174 million as of December 31, 2014. Together with CM-CIC Epargne Salariale and the Large Corporates department and thanks also to a larger staff, CM-CIC Asset Management also won several prominent tenders amounting to approximately €2 billion.

CM-CIC AM also made the necessary adjustments to an increasingly strict legal and regulatory environment. The French Financial Markets Authority (AMF) approved the measures taken and issued its AIFM certification on July 8, 2014.

New projects are already in progress for 2015, such as the complete overhaul of a flexible product line for wealth management customers and, internationally, the launch of the first funds for TargoBank Spain and Caisses Desjardins. The principal objectives of the CM-CIC Group asset management arm for 2015 consist of protecting customer assets and further development on behalf of the networks.

Crédit Mutuel-CIC Home Loan SFH:

Crédit Mutuel-CIC Home Loan SFH contributed 16% of the medium-and long-term funding raised by the Group in capital markets in 2014 (excluding TLTRO), thereby providing effective support to the principal funding operations undertaken by BFCM.

In 2014, a total of €3,014 million was raised, mainly through two major public offerings carried out in the first half and very well taken up by international investors:

€1,500 million over five years in January 2014
€1,000 million over 10 years in June 2014.

CM-CIC Lease SA:

The high level of production generated by the networks, which totaled nearly €630 million through 278 new financing agreements in the form of real estate leases on behalf of customers, enabled CM-CIC Lease to increase its total lease financing and off-balance sheet outstandings to more than €4 billion, up 7% in 2014 and 33% since 2010.

The activity was diversified and focused mainly on logistics warehouses and industrial warehouses and plants (39.4% combined), office buildings (24.4%) and commercial properties (22.1%). The distribution of the outstandings by segment did not change much, with 65.6% coming from logistics centers, warehouses, commercial properties and industrial plants. The balance is made up of a broad range of segments: offices, healthcare facilities, hotels, leisure and schools.

Net interest income increased by 12.8% and general operating expenses remained stable. Despite the 42% increase in the gross operating margin, increases in commissions paid to the networks, which rose by 10.5% to €19.6 million, and the cost of risk caused net income to contract by 29% to €3,215 million.

CM-CIC Lease intends to continue its policy of working locally and closely with the Group's customers, small- and medium-sized business, companies and large corporates, focusing in particular on meeting deadlines and controlling the technical aspects involved with setting up the transactions. In that regard, CM-CIC Lease acted as the lead arranger on nearly 60% of new lease transactions executed by the pool of leasing companies in 2014.

Banque de Luxembourg:

Banque de Luxembourg is one of the Grand Duchy's leading banks. In 2014, its private banking outstandings increased to €21 billion. It specializes in wealth management for tangible and intangible assets of an international customer base of high net worth families and business owners. It offers its customers an integrated lines of services from investment advisory to financing solutions.

In 2014, Banque de Luxembourg consolidated its position in its domestic Luxembourg market while also expanding in its second market, i.e. Belgium. With the emergence of fiscal transparency on a global scale, Banque de Luxembourg also stepped up its efforts to develop its sales activity in new markets in Europe and beyond.

Banque de Luxembourg has also been a pioneer in developing a center of expertise for asset managers. For more than 40 years, it has accompanied fund promoters from the creation of the fund management company to providing support internationally, often working with them in the role of incubator. Banque de Luxembourg offers third-party asset managers, who choose it for its depository banking strength, the same tools as it does to its in-house asset managers. In 2014, as regulatory complexity continued to grow, the Bank supported its customers with the implementation of the AIFMD and FATCA. Its professional banking activities are growing steadily. The investment funds division has around €36 billion in assets and third-party asset management outstandings reached €6.4 billion.

In 2014, the Bank generated net banking income of €221 million and net income of €61 million.

VIII.1.2.1.2.2 – Insurance segment

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).

Following the measures introduced in 2013, the new contours of the insurance market continue to take shape. The rules related to the French multi-sector bargaining agreement (*Accord National Interprofessionnel*) were defined with the publication of the implementation decree on the health benefit baskets. The consumer law (so-called Hamon Act) enacted in March allows subscribers of borrower's insurance to cancel their policies within the year and also allows individuals to cancel their auto and homeowner insurance policies at any time after the first year.

In this environment, the CM11-CIC Group's insurance arm once again turned in a strong sales performance. The branch networks issued more than 3 million new insurance policies and recorded historic production in the auto segment.

Revenues rose by 5.4% to €10.46 billion, in line with the French market.

Gross intake in life insurance and capitalization products rose by 6.6% to more than €6.5 billion. This increase along with a stable claims expense resulted in net intake of nearly €2 billion.

Non-life insurance continued its favorable growth trend. The auto and homeowners segments again outperformed the market, with 3.2% and 7.6% gains, respectively. In the homeowner's insurance segment, 2014 was the marketing launch of the new Corail 4.14 policy, which was very popular. Personal insurance recorded a 3.4% increase in premium income.

In terms of claims, their frequency in the property and casualty segment fell despite the numerous adverse weather events during the year. However, this favorable trend was negated by cyclical and regulatory factors. The deterioration in road safety indicators resulted in an increase in severe bodily injuries against an already inflationary backdrop. The low interest rate environment also weighed on provisioning expense.

GACM's recorded IFRS net income was €686.7 million in 2014, up from €637.3 million the previous year.

In 2015, GACM will continue its international development, with new projects in Spain and Belgium.
On January 1, 2015, Desjardins Assurances Group finalized its acquisition of State Farm Canada. GACM participated in the acquisition by investing CAD 200 million, thereby maintaining its 10% stake in DGAG, which is now Canada's second-largest property and casualty insurer.

In France, GACM will continue its efforts to adapt insurance products and services to the needs of the independent professionals and corporate customers of the Crédit Mutuel and CIC networks. A new auto insurance product will also be launched in 2015.

As of December 31, 2014, GACM had more than €9 billion in shareholders' equity, up 12.1%, and a sound balance sheet that allows it to face new challenges in the insurance with total confidence.

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.

2014 key figures:

Number of employees:	174 (compared with 176 in 2013)
Housing unit reservations:	5,267 units (4,333 units in 2013)
- CM-CIC Agence Immobilière:	5,008 units (of which, 214 units by Ataraxia Promotion)
- ATARAXIA Promotion:	373 units (of which, 214 reserved by CM-CIC Agence Immobilière)
- CM CIC Réalisations Immobilières:	100 units
Building lot reservations:	645 lots (682 in 2013)

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 the group’s investments in IT and peripheral equipment as well as the technical subsidiaries’ investments.

It recorded net income of €66.3 million in 2014, 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 single IT system shared by 15 Crédit Mutuel federations, the CIC banks and the various CM-CIC business centers. In 2014, just over 557,000 man-days were devoted to upgrades and maintenance on the common IT system.

Euro-Information Telecom:

In 2014, the sector was marked by further consolidation (acquisition of SFR and Virgin by Numéricable) and the more widespread deployment of the 4G network nationwide in France. In this environment, Euro-Information Telecom increased its installed base by nearly 100,000 new lines. Revenues grew by nearly 7%, led by the growth in interconnection revenues. Net income fell from €12 million to €8 million, and falling retail prices in the sector continued to weigh on profit margins. The network’s iPhone certification in early 2014 and market launch of services for independent professionals in September enabled the company to halt the slide in the average acquisition price and even begin a slight turnaround. As of December 31, 2014, Euro-Information Telecom was the leading French mobile virtual network operator (MVNO) in terms of both the number of customers and annual revenues.

Euro Protection Surveillance:

EPS continued to expand in 2014 and today has more than 364,000 subscribers (+10.9%). EPS has therefore established itself as the leading residential video surveillance provider in France with a market share of approximately 33% (source: Atlas de la Sécurité 2014/Internal data).

VIII.1.2.1.2.4 – Communications sector

In 2014, the economic environment continued to affect advertising revenue, with mixed results depending on the region. As in the past, the drop in subscriptions and changing behaviors affected the annual results of this sector, which continues to face difficulties nationwide. Efforts to reorganize and improve the management of these companies will continue in 2015.

VIII.1.2.2 - Resolutions of the Ordinary Shareholders' Meeting of May 13, 2015

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 2014 as presented, which show a net profit of €371,064,805.48

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 appropriate the net profit for the year totaling €371,064,805.48, plus the retained earnings from the previous year totaling €755,586.88, i.e. the sum of €371,820,392.36, as follows:

- pay a dividend of €4.15 to each of the 31,467,593 shares carrying dividend rights for the full year (including for the 4,882,459 shares issued on August 1, 2014 as part of the capital increase), i.e. a total payout of €130,590,510.95. These dividends are eligible for deduction under Article 158 of the French Tax Code (*Code Général des Impôts* – CGI);
- transfer €18,600,000 to the legal reserve;
- transfer €222 million to the optional reserve; and
- transfer the balance of €629,881.41 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	**2011**	**2012**	**2013**
Amount (€)	€2.00	€2.65	€4.90
Dividend eligible for the tax deduction under article 158 of the French Tax Code (CGI)	yes	yes	yes

VIII.1.2.2.3 – Third resolution

The Shareholders' Meeting approves the consolidated financial statements for the year ended December 31, 2014 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 presented in the special report of the statutory auditors, and in particular, pursuant to article L.225-42-1 of that Code, the agreement providing a termination benefit for Mr. Nicolas Théry, Chairman of the Board of Directors, and corresponding to one year's gross salary calculated on the basis of the average over the 12 months prior to the end of his term of office.

VIII.1.2.2.5 – Fifth resolution

Pursuant to Article L. 511-73 of the French Monetary and Financial Code, 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 responsible 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. Nicolas Théry as a member of the Board of Directors to replace Mr. Roger Danguel for the remainder of Mr. Danguel's term of office, i.e. until the Shareholders' Meeting called to approve the 2016 financial statements.

VIII.1.2.2.7 – Seventh resolution

The Shareholders' Meeting appoints Mr. Lucien Miara to the Board of Directors to replace Mr. Pierre Filliger, whose term of office has expired.
Mr. Miara's term of office will end with the Shareholders' Meeting called to approve the 2017 financial statements.
Mr. Miara stated that he accepts these functions and satisfies all the conditions required by law and the bylaws to exercise them.

VIII.1.2.2.8 – Eighth resolution

The Shareholders' Meeting renews the appointment of Mr. Jean-Louis Boisson as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.9 – Ninth resolution

The Shareholders' Meeting renews the appointment of Mr. Gérard Bontoux as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.10 – Tenth resolution

The Shareholders' Meeting renews the appointment of Mr. Maurice Corgini as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.11 – Eleventh resolution

The Shareholders' Meeting renews the appointment of Mr. Jacques Humbert as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.12 – Twelfth resolution

The Shareholders' Meeting renews the appointment of a member of the Board of Directors of Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie represented by Mr. Daniel Leroyer as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.13 – Thirteenth resolution

The Shareholders' Meeting renews the appointment of Mr. Albert Peccoux as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.2.14 – Fourteenth resolution

The Shareholders' Meeting renews the appointment of Mr. Alain Têtedoie as a member of the Board of Directors for a three-year term.
His term of office will expire at the time of the Shareholders' Meeting called to approve the 2017 financial statements.

VIII.1.2.3 - Resolutions of the Extraordinary Shareholders' Meeting of May 13, 2015

VII.1.2.3.1 – First resolution

The Shareholders' Meeting, having heard the reading of the Board of Directors' report and noted that the share capital was fully paid up, grants the Board of Directors full authorization, pursuant to article L. 225-129-2 of the French Commercial Code, to increase the share capital as consideration for cash and with continued preferential subscription rights for shareholders, on one or more occasions, during a period of up to 26 months from the time of this Extraordinary Shareholders' Meeting and in an amount up to €5 billion:

- through the creation and issue, with or without a share premium, of ordinary shares;
- by increasing the par value of ordinary shares.

In that respect and subject to these limits, the Board of Directors will have full authorization to decide and complete the capital increase(s) that it deems advisable and in particular to:

- set the terms for new equity securities to be issued, notably the subscription price;
- take due note of the completion of these capital increases;
- implement the corresponding amendments to the bylaws.

This authorization also provides the Board of Directors with the power to institute, where applicable, a right to subscribe excess shares, for new equity securities issued and not subscribed by right, that may be granted to holders of subscription rights who have subscribed a larger number of shares than the number to which they are entitled by right, in an amount proportional to their number of subscription rights and within the limit of their requests.

Unsubscribed shares may not be partially or fully allocated by the Board of Directors. The Board of Directors may limit the amount of the capital increase to the amount of subscriptions received.

VII.1.2.3.2 – Second resolution

The Extraordinary Shareholders' Meeting duly notes that in accordance with the last paragraph of Article L. 225-129-6 of the French Commercial Code, the provisions related to capital increases reserved for employees do not apply to the company.

VII.1.2.3.3 – Third resolution

The Board of Directors shall report to the Shareholders' Meeting on the use of these authorizations by preparing a supplementary report to the annual general report on the company's management.

VIII.2 - Statutory Auditors' 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
BFCM

General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2014

Statutory auditors' report on related party agreements and commitments

To the 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 performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to 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 for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year under review

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of 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 with no prior authorization

In accordance with articles L. 225-42 and L. 832-13 of the French Commercial Code, we inform you that these agreements and commitments did not receive prior authorization from your Board of Directors.
Our role is to advise you of the reasons for which authorization was not requested.

1. With Mr. Nicolas Théry, Chairman of the Board of Directors of your company

At the Board of Directors' meeting on November 14, 2014, Mr. Nicolas Théry was appointed Chairman of the Board of Directors of your company. The Remuneration Committee that met on that same day following the Board of Directors' meeting kept Mr. Théry's compensation, not as an employee but as a corporate officer, at €450 thousand. This compensation began on December 1, 2014. Compensation paid out for 2014, to which was added the balance of all accounts related to the suspension of Mr. Théry's employment contract, totaled €86,794.
In addition, a termination benefit equivalent to one year's gross salary will be paid to Mr. Théry when his term of office expires, provided the performance condition defined by the Remuneration Committee is met.
For his term of office, Mr. Théry is also entitled to a supplementary retirement benefit, whose conditions are identical to those of your company's employees and for which contributions paid in to the insurance company covering the full amount of this commitment totaled €1,514 in 2014.
Because the Board of Directors did not meet prior to February 26, 2015 for scheduling reasons, the Remuneration Committee's proposal with respect to the compensation and termination benefit for Mr. Théry was submitted to the Board of Directors for approval on that day, in accordance with article L. 225-38 of the French Commercial Code.
We hereby notify you that at its February 26, 2015 meeting, your Board of Directors decided to approve this agreement after the fact.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in previous years which remained in effect during the year under review

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. Nicolas Théry, Chairman of the Board of Directors of your company,
Mr. Alain Fradin, Chief Operating Officer of your company,
Messrs. Jacques Humbert, Maurice Corgini and Jean-Louis Girodot, directors of your company,
Mr. Daniel Leroyer, permanent representative of CFCM Maine-Anjou, Basse Normandie to the Board of Directors of your company.

Nature, purpose and conditions

Banque de Luxembourg, CIC and your company are part of CM11 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. Nicolas Théry, Chairman of the Board of Directors of your company,
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 your company.

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. Nicolas Théry, Chairman of the Board of Directors of your company,

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 your company,
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 APR 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 your company.

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 Executive Officer of your company

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 benefit 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 benefit 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 bargaining 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 Executive 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 benefit of Mr. Alain Fradin as Chief Executive 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, whose conditions 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 €18,173 in 2014.

Paris-La Défense, April 17, 2015

French original signed by

The Statutory Auditors

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

ERNST & YOUNG et Autres

Olivier Durand

VIII.3 - Sundry 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 Prudential Supervisory and Resolution Authority).

BFCM is governed by the provisions of the French Commercial Code regarding *sociétés anonymes* and by the laws applicable to French credit institutions, most of which are codified in the French Monetary and Financial Code. 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 Caisses 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.

VIII.3.6 - Fiscal year

The company's fiscal year runs from January 1 to December 31.

VIII.3.7 - Appropriation 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 said 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:

2. Fédération du Crédit Mutuel du Centre Est Europe, Caisse Fédérale de Crédit Mutuel and the "Assurances du Crédit Mutuel - Vie" mutual insurance company;
3. the Crédit Mutuel Caisses 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;
4. the departmental and interdepartmental Caisses 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.
5. 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 transferable; 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 €1,573,379,650.00 and is divided into 31,467,593 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 section "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:

	2010	2011	2012	2013	2014	
Number of shares as of December 31	26,043,845	26,496,265	26,532,613	26,585,134	31,467,593	(a)
Net income (€ per share)	11.60	10.94	24.48	11.72	11.79	
Gross dividend (€ per share)		2.00	2.65	4.90	4.15	
		0.83	1.33	2.04		

(a) 31,467,593 shares carrying dividend rights for the full year following the August 1, 2014 capital increase.

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 Group and BFCM Group

CM11 Group's organization and business lines (I.3)

Financial information about BFCM Group - Risk report
Interbank loans (V.2.3.1.2.3)
Interest rate risk management (V.2.3.3.2)
Risk management (V.2.3.3.3)
The European solvency ratio (ESR) (V.2.3.4)
Operational risk (V.2.3.5)

VIII.3.11 - Date of the most recent financial information

The date of BFCM's latest reported financial information is December 31, 2014.

VIII.3.12 – Interim 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 26, 2015 of the financial statements for the year ended December 31, 2014. Similarly, there has been no material adverse change in BFCM's outlook since that date.

VIII.3.14 - Recent events specific to BFCM that have a material impact on the measurement of its solvency

There have been no material changes in the Group's financial or commercial position since the end of the last 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

The French competition authorities have started an investigation into the main banks in the French banking sector, aimed at ensuring that all interbank fees and commissions, in particular those applicable to direct debits, payments using interbank remittance slips (the "TIP" system) and online banking transactions, comply with competition laws.

In order to avoid any legal action, the banks have proposed a procedure of undertakings that would abolish all the interbank fees and commissions involved in the medium term. The French competition authorities have approved these undertakings, subject to the sole condition that an expert economic assessment be conducted of certain ancillary fees and commissions, whose economic impact can be considered to be low. We can therefore consider that the risk of litigation involving significant amounts is not likely at the present time. This procedure of undertakings is under way and should be completed by the end of the first half of 2015.

Furthermore, it should be noted that multilateral interchange fees and commissions may be replaced by bilateral or unilateral fees and commissions. It is therefore too early to say what the final outcome of this investigation will be.

As for the case involving check image transfer fees, the French competition authorities appealed the decision of the Paris Court of Appeal canceling the fines levied against the banks. The ruling by the Cour de Cassation (highest court of appeal) was handed down on April 14, 2015. Without reviewing the legal arguments of the banks, the Cour de Cassation reversed the Court of Appeal's decision on procedural grounds, namely that after having rejected the arguments of the antitrust authorities, the Court of Appeal concluded that there were no grounds to examine the arguments put forth by two consumer associations in support of the position of the competition authorities. Following this reversal, the case was remanded to the Paris Court of Appeal.

There are no other pending or threatening government, judicial or arbitration proceedings, including any proceeding of which the company is aware, that may have or has had, during the past 12 months, material impacts on the financial position or profitability of the company and/or Group.

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 (corporate site)

http://www.bfcm.creditmutuel.fr

- Historical financial information on BFCM and the CM11 Group for each of the two fiscal years preceding publication of the Registration Document.
- This Registration Document and those for the two preceding fiscal years.

In document form

- The issuer's articles of incorporation 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 fiscal 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
Deputy Chief Operating Officer of BFCM and Chief Financial Officer of CM11 Group
Telephone: +33 (0)3 88 14 68 03
E-mail : marc.bauer@creditmutuel.fr

IX.3 - Person responsible for the Registration Document

Mr. Alain Fradin, Chief Executive Officer 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 382 to 384, 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 28, 2015

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 fiscal 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 fiscal 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 – CM11 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.

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Pursuant to Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the General Regulations of the French Financial Markets Authority (A MF), the following items are included by way of reference:

- The consolidated financial statements and management report and statutory auditors' report on the consolidated financial statements as of December 31, 2013, presented respectively for CM11-CIC Group on pages 88 to 158, 52 to 87 and 159 to 160 of the CM11-CIC Group's 2013 annual financial report, registered by the AMF on May 6, 2014 under No. R.14-028.
- The consolidated financial statements and management report and the statutory auditors' report on the consolidated financial statements as of December 31, 2013, the extract of parent company financial statements including the management report for the fiscal year ended December 31, 2013, presented respectively for BFCM on pages 218 to 289, 187 to 216, 290 to 291 and 294 to 329 of the Registration Document – Exercice 2013 registred by the AMF on May 6, 2014 under No. R.14-028.
- The consolidated financial statements and management report and statutory auditors' report on the consolidated financial statements as of December 31, 2012, presented respectively for CM11-CIC Group on pages 80 to 146, 46 to 79 and 147 to 148 of the CM11-CIC Group's 2012 annual financial report, registered by the AMF on August 1, 2013 under No. R.13-038.
- The consolidated financial statements and management report and the statutory auditors' report on the consolidated financial statements as of December 31, 2012, the extract of parent company financial statements including the management report for the fiscal year ended December 31, 2012, presented respectively for BFCM on pages 76 to 121, 48 to 75, 122 to 123 and 124 to 159 of the Registration Document of Banque Fédérative du Crédit Mutuel filed with the AMF on April 24, 2013 under No. D.13-0423.

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.

Banque Fédérative du Crédit Mutuel – *Société Anonyme* (French Limited Company) with share capital of €1,573,379,650
Headquarters: 34, rue du Wacken – 67913 Strasbourg Cedex 9 – Tel:
Telegraphic address: CREDITMUT – Telex: CREMU X 880034 F – Fax: +33 (0)3 88 14 67 00
SWIFT address: CMCIFRPA – Trade and Companies Register Strasbourg B 355 801 929 – ORIAS No. 07 031 238
Intra-community VAT number: FR 48 355 801 929